The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

July 11, 1958

62nd Year, No. 28

Dirt Dug Up On Federal Agencies At Bad Time For State Supervision Foes

The Supreme Court is usually the last word—but its decision slapping down the Federal Trade Commission in the National Casualty and American Hospital & Life cases seems more like a preliminary, stage-setting job for the real show.

In view of what the court said, the McCarran act does indeed protect A&S advertising from the power-snatching fingers of the FTC—but it's still up to Congress to decide whether it likes the McCarran act as well as it did when it passed the famous measure 13 years ago.

So it's not surprising that once the court had given its decision in the National and American cases, Sen. O'Mahoney lost no time in announcing that the investigation he is running for the Senate judiciary anti-trust and anti-monopoly subcommittee will tackle first the fields that he considers impossible for the states to control: Aviation, marine and mail order insurance.

O'Mahoney pointed out that the Supreme Court decision specifically refrained from passing on types of interstate insurance operations which the states can't control. He cited this passage from the opinion: "Whatever may have been the intent of Congress [in the McCarran act] with regard to interstate insurance practices which the states cannot for constitutional reasons regulate effectively, that intent is irrelevant in the cases before us."

Even where the Supreme Court considers that the McCarran act gives the states such powers that the FTC is foreclosed from interfering, Sen. O'Mahoney contends that the recent decision makes a re-examination of the McCarran act's efficacy even more necessary. Since the anti-trust agencies are precluded from challenging the effectiveness of state laws and regulations governing insurance, it becomes "mandatory" for Congress to determine whether the McCarran act is doing its job of protecting the public from monopolistic and other non-competitive practices, he said.

Another line of investigation that O'Mahoney says the decision shows to be needed is a re-examination of the way in which the proviso of section 2(b) of the McCarran act reserves the applicability of the Sherman, Clayton and Federal Trade Commission acts to the business of insurance.

Noting that this proviso uses the term "regulated," Sen. O'Mahoney emphasized that the FTC position in its argument before the Supreme Court was that there can be no regulation without administrative action—the mere existence of laws and regulations is not enough to satisfy the requirements of the proviso. He said it is important for the public to know

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Business Tries To Come Up With Good Merit Rating Plan

Conn. Information Office Cites Problems And Past Failures Over 30 Years

Automobile casualty policyholders and the companies see eye to eye on the simple theory that the good driver should be rewarded with a lower rate than his less fortunate brother, according to Francis T. Ahearn, manager of Insurance Information Office of Connecticut, but the problem is one of the knottiest in the business. He pointed out in a release from the new public relations office that while it is not generally understood, automobile owners in the state are already graded on broad safety standards, but the problem of grading individuals is still to be solved.

Careful Drivers Complained

Complaints of lack of recognition by careful drivers who have not had accidents sound logical to the average man, and the companies would like to do something about it, John A. North, president of Phoenix of Hartford has declared.

He is a member of National Bureau of Casualty Underwriters committee which conferred on the problem recently in New York and assigned a staff of bureau experts to bring in a report in connection with a workable merit plan.

Previous plans which failed, generally either gave the driver with no accidents a refund at the expiration of his policy, or an allowance when his policy was renewed. Drivers who had accidents were penalized a certain percentage.

In the information office release, Wynant J. Williams Jr., secretary of Travelers, summarizes the difficulties which such plans have encountered. "To make a plan saleable, the credit insured receives for having an accident-free record during the experience period must be high—say, in the

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NAIA Reports On Commissions, Sees Better Atmosphere

NEW YORK—A report on commissions was issued at its meeting here by the executive committee of National Assn. of Insurance Agents. NAIA indicated it was up to state associations to confer with rating organizations on commission changes. The report has been sent to state association presidents, managers, and state national directors.

Calling attention to action by National Automobile Underwriters Assn. in using a 20% instead of a 25% factor for acquisition cost, and to that of National Bureau of Casualty Underwriters, which also has gone to a 20% total production cost allowance, NAIA states that an NAUA spokesman reminded agents that "acquisition cost" is not synonomous with "commission" paid producers in the rate making formula. Commissions are to be discussed and agreed upon only between each agent and his companies, the spokesman stated.

Since final determination of approval and use of the revised NAUA rate formula will be at the state level, the NAIA states, "it is the prerogative of each state association to endeavor to arrange for discussion with NAUA spokesmen at that level, if such state association chooses to do so."

Noting that National Bureau will undertake to discuss the situation with state agent associations before changing its rating formula, NAIA observes that "recent conferences have served to bring about a much more desirable atmosphere between agents, their companies and state regulatory officials, the end result of which has been the removal of undesirable turbulence in the atmosphere surrounding public and public press reaction.

"We cannot assume that the use of a reduced acquisition cost factor in NAUA's subsequent filings will result in unilateral commission reductions. Close watching of the action of member and subscriber companies of the National Bureau develops the fact that theirs has not been a common pattern in that regard."

Commissions Not Gap Opener In Price War, NAIA Primer Contends

In a primer called "The Agency System in Relation to Insurance Economics," distributed by National Assn. of Insurance Agents, Robert E. Battles of Los Angeles, a past president of NAIA, states that 80% of the price differential between agency companies and direct writers is due to factors other than commissions. He declares that there is so much opportunity to improve the business in areas where all could agree that it is foolhardy to concentrate on the small possibilities to be found in the highly sensitive phase of agents' commissions.

Percentage Commission Fairest

Mr. Battles maintains that after maximum economies in the business have been realized, the commission portion of expenses will largely take care of itself through its inherent flexibility as a percentage factor. He also holds that the percentage commission is the fairest method yet devised. It increases the agents' income only after justification for such increase has been proved. It automatically decreases his income on the

(CONTINUED ON PAGE 24)

NAIC Preservation Of State Regulation Lineup Is Changed

The preservation of state regulation committee of National Assn. of Insurance Commissioners has been altered in composition by NAIC president Arch Northington of Tennessee. The new chairman is Navarre of Michigan, outgoing NAIC president; with McConnell of California, former chairman, as vice-chairman. Members are Gerber of Illinois, Knowlton of New Hampshire, Howell of New Jersey, Wikler of New York, Smith of Pennsylvania, and Rogan of Wisconsin. This lineup will probably result in a change in attitude from the former position of the committee, which more or less has and does represent the NAIC in dealing with, for example, the O'Mahoney investigation.

"THEIR COMPANIES JUST MERGED."

Agent Must Shuck Paper Work To Run In Competitive Race

By HOWARD J. BURRIDGE

In various parts of the country, agents recently have arranged with some of their companies to take over at least part of the detail or "paper work" that formerly was done by the local agent. Until a few years ago, agents generally believed they should not give up any part of their ever-increasing office detail because to do so would be to relinquish "rights," and the effect would be at least some weakening of the American agency system.

Perhaps what has changed the thinking of agents is the success that the so-called "captive agent" companies have had with their type of operation. While they do not all follow exactly the same pattern, their usual plan is that the agent writes an application, not a policy, which he sends to the company, which then issues a 6-month policy. The agent gets no renewal notice. The company having issued the policy, corresponds with insured and sends a renewal certificate, not a new policy. A premium is due every six months, but the agent is not involved in any way.

These companies have found this arrangement to be workable and satisfactory. Their contention is that their agents are freed from anything but a very minimum of "paper work" and thus have practically all their time for selling, for prospecting and writing new business only. These companies are of the type that write predominantly automobile insurance.

The typical local agent of today has to wrestle with an amazing amount of bookkeeping, policy writing, and the attaching of forms, endorsements and clauses. A local agent in a medium size or small town doing a respectable amount of business needs two or three girls in his office to handle the unending and increasing details, some of them of a petty nature.

Companies which are exhorting their agents to spend as much time as possible on the street seeing insured and lining up prospects, doing "constructive" work, are at the same time loading them down with more and more office detail, not all of which can be handled by the office force, because much of it requires a decision on the part of the local agent himself. Because of the pressing nature of the detail work and the volume of it, the average agent tends to become very much more involved in it than he should. It is in front of him constantly, it has to be moved out of the office or into place, and it seems im-

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More Selling Effort At More Competitive Price Seen As Need

Agency companies must secure much better selling if they are to compete with the direct writers, N. C. Flanagin, president of the Kemper group, said in his talk at the annual meeting of Carolina Mutual Insurance Agents Assn. in Asheville, N. C.

He recalled that in the days when the mutual companies were assessable the companies and their agents had to be good salesmen to get business, and the result was that they told a complete and convincing sales story. They had to sell their financial security, their service facilities, etc. When a sale was completed, the policyholder was more than a customer. Much of the business in those days came from recommendations of policyholders who had become friends and acquaintances.

Agents Given Advice

Mr. Flanagin urged agents to go back to that thorough, convincing type of selling. He himself, he said, in his sales efforts points to the financial statement of his group, which has shown an increase in surplus every year since organization in 1912. He shows a prospect a list of claim officers and tells him no matter where he is located or whether he is driving, a claim office is close at hand to give prompt service. Then he shows an exhibit of companies listed on the New York Stock Exchange, points out that these are the largest buyers of insurance in the country, and com-

(CONTINUED ON PAGE 30)

ADT Film Features New Foes Of Fire, Crooks

The story of modern automatic fire and burglary protection is told in a new color movie, "When Every Minute Counts," released by American District Telegraph Co. of New York.

Filmed in Hollywood by Jerry Fairbanks Productions in cooperation with the Los Angeles fire and police departments, "When Every Minute Counts," shows how the latest electric and electronic systems safeguard property by summoning police or fire fighters in the first crucial minutes after fire strikes or burglars attack.

The 22-minute film is available in 16mm color for general showings and in black-and-white for television. Requests for local showings should be made through the ADT executive office, 155 Sixth avenue, New York 13.

Two weeks' advance notice should be given in requesting the print for a definite date, and two alternate dates should also be included.

N. Y. Brokers Seek Bids On Power Authority Coverage

Greater New York Brokers Assn. has complained to New York State Power Authority on the latter's practice of purchasing all of its insurance in one company through one broker. A further specific complaint alleged that the authority, in negotiating with this particular company in connection with workmen's compensation on the St. Lawrence power project, amended the national defense project rating plan and added a factor to the cost to cover commissions paid to the favored broker.

The association contends that because other brokers, agents or companies were not permitted to submit bids, the public might be deprived of possible savings.

Ariz. Adjustment Names Manager

John F. Clemens has been named manager at Yuma for Arizona Adjustment with offices at 150-B Court street. He has been a staff adjuster at Phoenix. Mr. Clemens practiced law in Sioux City, Ia., before going with Arizona Adjustment.

New Handbook Ready For Md., Del. And D. C.

A new underwriters handbook of Maryland, Delaware and District of Columbia has just been published by the National Underwriter Company. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout these states. Copies of the new Maryland, Delaware, District of Columbia handbook may be obtained from the National Underwriter Company at 420 East Fourth street, Cincinnati 2, Ohio. Price $12.50 each.

Miss Storie Retires After Long Career In Agency

Miss Margaret W. Storie, a partner in the Leonard agency, Detroit, retired last week after 49 years in the insurance field. Miss Storie began her insurance career Nov. 1, 1908, as a clerk with Standard Accident. In 1912 she joined the Leonard agency, under the direction of Henry M. Leonard. In 1938 she became a partner.

State Farm Names Four

State Farm has announced four appointments in the agency organization. Richard A. Clark has been named agency training supervisor at the home office, coming from the post of assistant state director at Yakima. Harrison G. Carr, formerly assistant state director in California, succeeds Mr. Clark at Yakima.

Fred Sell, district agent at Reno, has been promoted to assistant state director of Arizona, Nevada, and New Mexico at Phoenix. John T. Sules is the new agency supervisor of the New Jersey agency, replacing Arthur Allen, who is now regional life manager at the Murfreesboro, Tenn., south central office.

Employers Mutual Transfers Ginn

Employers Mutual Casualty has transferred Forrest E. Ginn from his post as Iowa agency manager to Lakeland, Fla., as state manager. He has been with the company since 1942, and has served as field supervisor for both Iowa and Missouri.

Rocky Mountain Fire Bought By Grange Assn.

Mayflower Corp. of Seattle has purchased controlling interest in Rocky Mountain Fire of Great Falls, Mont. Grange Insurance Association owns Mayflower Corp. which is attorney in fact for Mayflower Exchange, an auto insurer.

John E. Dawson will remain as chairman of Rocky Mountain Fire, which he joined in 1917. The company has nearly 400 agents in nine western states. Assets of Rocky Mountain Fire Dec. 31 were $707,014.

Making Plans For Mich. Agents Annual Sept. 17-19

LANSING—Plans are under way for the 60th anniversary convention of Michigan Assn. of Insurance Agents to be held in Grand Rapids Sept. 17-19. Sessions are scheduled for the Civic Auditorium and the Pantlind hotel.

"Agency Operating Costs and Management Trends" has been selected as the theme, according to Russell V. Worgess, Battle Creek, president.

Member agents are to be circularized with a questionnaire on the subject of flat cancellations, material from which is to be worked into the program. Loss adjustments and waste will be discussed and a thorough discussion of trends and problems of the producer is scheduled.

"New and unique" development in public relations and advertising is to be presented.

Seeks To Clear Way For Nuclear Cover For Colleges

WASHINGTON—Rep. Price of Illinois has introduced legislation in the House to facilitate indemnity coverage for universities using reactors for atomic energy research. The legislation would amend the Price-Anderson bill by exempting universities from certain financial requirements.

Sen. Anderson, vice-chairman of the joint committee, has introduced an identical bill in the Senate.

Employers Surplus Line of Boston has been licensed in California.

Malpractice Plaintiffs, Defendants Have Like Characteristics

Members of American Medical Assn. attending the annual convention in San Francisco heard a report on malpractice insurance by Richard H. Blum, research director of California Medical Assn., who said patients who sue doctors for malpractice "are more childish, dependent, more suspicious, more fearful and in general get along poorly with themselves and other people."

Dr. Blum noted that there are suit prone doctors, and like those who bring suits, they have certain characteristics—the doctor often being suspicious and immature, largely because his opinion of himself is low.

Malpractice insurance is costing California doctors about $4,600,000 in premiums. Dr. Blum emphasized that a malpractice suit rises only about once in 500,000 patient-doctor encounters but there seems to be a "hard core of repeaters among doctors, with some 1% of them involved in about 25% of the court actions."

When a doctor himself has faults of immaturity he becomes a "malpractice pigeon," Dr. Blum said, because this kind of doctor can be led into a trap where he allows the patient to expect far more than can ever be done. When this "miracle" result is not delivered or possible, the final result is the suit. Most suits are lost, he said, but nonetheless they damage the professional. The doctor who runs into an unreasonable patient should "send him home."

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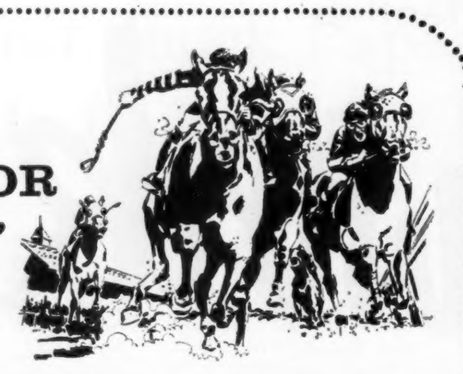

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Industry Prefers Administrative Approach To Solving Difficulties Of Multiple Line Rating; N. Y. Does Not Bar That Route

NEW YORK—The proposal of the New York department to modernize the insurance laws in relation to multiple line, multiple peril and package contract underwriting ran into opposition from the business at a two day discussion here between departmental officials and representatives of the business. This was the industry subcommittee on rates. There also are subcommittees on powers, taxes, etc.

The department had prepared a revision of all of the sections of the rating law which become involved in the regulation of multiple peril underwriting. To almost all of the department's suggested changes the industry objected. Both sides became somewhat irritated, but toward the close of the session a reasonable amount of cooperative spirit reasserted itself.

Suggests Administrative Means

The industry suggested that the department might seek to accomplish its purpose of setting up standards and procedures for handling multiple peril coverages by administrative means rather than by alterations in the law. After using rules to solve the problems in this area, then it could be determined much more soundly what changes are needed in the law. The department indicated it was not committed to the legislative approach to the exclusion of the administrative.

On this note the meeting adjourned till July 15. This date was about the only practical one because many of the industry representatives will be in Florida July 7-11 and will go to Arkansas July 16-23 for hearings on code revisions in those states. (Other code hearings immediately ahead are Montana Aug. 11-22 and Alabama Sept. 8.)

Henry Schantz conducted the hearing, aided by Joseph Collins, Frank Harwayne, Jacob Malmuth, Harold Sohmer and Harry A. Kahn for the department. All major segments of the business are represented on the industry committee and subcommittees.

At the close Mr. Schantz said that as a result of the hearing, the department may take a new approach. It will prepare a report on the problems it has in the multiple line area and furnish it to industry, the industry might do the same and suggest some solutions, and these matters can be discussed at the July 15 meeting.

J. Raymond Berry of National Board observed that this was a good procedure. He added that with respect to multiple line a basic difficulty is to find a consistent definition on which all can agree. Perhaps this should be the first step. The difficulties in this area turn on the fact that while multiple line underwriting is developing as a series of forms of contracts, the ML legislation is based on kinds of insurance.

Industry Committee To Meet

Mr. Berry indicated that the initial meeting of the so-called M-1 industry committee will be held in New York July 14. This is the committee that grew out of the recommendations presented at the Chicago meeting of National Assn. of Insurance Commissioners by the subcommittee on statistical rating and filing problems of multiple line contracts.

At the New York hearing Hugh Harbison of Travelers, representing National Board, said the department in its proposals had not shown a need for changes in the casualty sections of the rating law. Mr. Collins replied that burglary and glass are now included in the fire covers. Mr. Harbison said this was a trivial problem. Mr. Collins suggested that the department is proposing that the superintendent have the authority to say what is a proper combination of insurance. For example, he said, the department would not allow a combination of auto or workmen's compensation with physical damage, and would allow no combination of life with property insurance.

Cites Problem Of Partial Subscribers

Harold L. Wayne of Inland Marine Insurance Bureau described the great difficulties his organization has with partial subscriberships. (The department proposal includes one to make the partial subscribership that obtains in fire rating applicable to casualty.) Mr. Wayne said one company has almost daily changes, and the changes and variations of all the companies that are partial subscribers to his organization give IMIB and the insurance departments great difficulty in just keeping track of such variations.

Ambrose Kelly of Factory Mutuals said the effect of the department's proposed changes alter the basic fire and casualty law. He wondered if the department wanted fire experience to include EC. Could fire continue to be rated for five years and EC for three years? There are differences in commission and engineering costs, he noted.

Notes Wisconsin Ruling

Harry F. Perlet of Multi-Peril Insurance Conference called attention to a recent ruling in Wisconsin that is designed to take care of multiple line problems. Perhaps this would be suggestive to New York. Mr. Collins said Ohio has taken similar action.

William B. Pugh of North America said he had one reservation (along with Arthur Mertz of National Assn. of Independent Insurers) on the Wisconsin ruling as to law. He thinks the law permits a company to file and cooperate with a rating bureau on part of a coverage, but the regulation might be construed to prohibit it. Milton Wright of the reciprocals agreed with this view. Mr. Pugh suggested the regulation opens the way to coopera-

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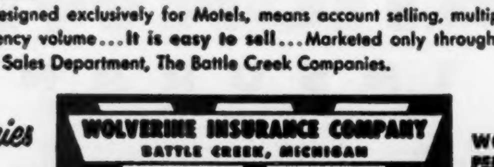

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Promote Three To Production Posts At American Group

American has named H. Philip Freud, manager at Boston, superintendent of casualty production; George D. Fellows of fire underwriting, assistant superintendent of fire and allied lines production; and John C. Orear, formerly casualty production supervisor, assistant superintendent in the administrative division, all at the head office operations department.

Mr. Freud joined the group in 1936, was for years New York manager of Bankers Indemnity, and then Cleveland and New England department manager of that company. Mr. Fellows was with New York Underwriters six years and General Cover Underwriters Association eight years before joining American in 1954. He became assistant superintendent of fire underwriting in 1956. Mr. Orear was seven years at the Kansas City branch in underwriting and field work till his transfer to the head office production unit in 1956.

New England Branch Wins Top Award Of Standard Accident

The New England branch of Standard Accident has been awarded the company's merit trophy for excellence in its 1957 operations.

The trophy, presented by L. K. Kirk, president, was received by V. L. Kloppenburg, resident vice-president of the branch at Boston, following a luncheon attended by all branch employes and company officers.

The trophy, originated in 1941, is awarded annually for the highest efficiency in operations including volume increase, profit, collections, and other qualities which contribute to top performance.

New High For Claims In 1957 Arbitration

The nationwide inter-company arbitration agreement, sponsored by the combined claims committee of Assn. of Casualty & Surety Companies and National Assn. of Mutual Casualty Companies, concluded a record high of 14,000 cases involving damages of $4,100,000 in 1957.

Bernard L. Hines Jr., assistant to the manager of the claims bureau of Assn. of Casualty & Surety Companies, reviewed the history and growth of the agreement at the annual meeting of Pennsylvania Claim Men's Assn. at Bedford, Pa.

There are 280 signatory companies now participating in the agreement, Mr. Hines said, with more than 600 claim men serving on 94 arbitration committees. He pointed out that arbitration is not a substitute for settlement negotiations and that a committee's time is wasted and an unnecessary burden placed upon a docket by the filing of an unnecessary claim in arbitration. A committee has the obligation to adjourn a hearing if it finds that a company has not tried to settle controversial claims prior to arbitration.

How Compulsory Automobile Is Working In New York

Failure to maintain insurance resulted in 30-day motor vehicle registration revocations for 24,839 car and truck owners in May, according to the New York bureau of motor vehicles.

In that period, 131 others suffered revocation for one year of both registration plates and driving licenses for operating or allowing others to operate uninsured vehicles; 29 non-owners had driving licenses revoked for a year for driving uninsured vehicles. All of these individuals were involved as drivers or owners in 102 uninsured accidents. Ten others lost driving licenses and registrations for a year when they were apprehended while driving without insurance, though they were not involved in accidents.

During May, 3,365 financial security revocations were issued by the bureau against out-of-state residents for operating in New York without evidence of insurance.

Also, 24,143 earlier 30-day revocations were rescinded during the month when new proof of insurance was belatedly filed with the bureau showing that there was actually no lapse in coverage. Eight rescisions of one-year revocations also were issued for the same reason.

Other car owners voluntarily turned in 20,762 sets of plates before insurance lapsed so that their registrations would not be revoked.

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N.C. Holds Hearing On Auto Rate Rise

Following a public hearing, Commissioner Gold of North Carolina took under consideration a filing for automobile liability rate increases of 19.9% for private passenger cars and 6.2% for commercial cars.

The question after the hearing was whether Mr. Gold would approve the portion of the increase due to injection of a trend factor in the rating formula and whether he would allow a change in weight for the 1955-1956 period so that the latter year would receive 70% instead of 50%.

Thomas E. Murrin, associate actuary of National Bureau of Casualty Underwriters, pointed out that nine out of 10 motorists in the state are paying less for liability coverage than they were five years ago and stated that if the increases are approved only 25% will pay more than in 1953.

Chief opposition to the increases developed from Fayetteville, site of Fort Bragg, where rates would rise by 50%. A military spokesman said this would provoke problems with the troops.

Entertain Ladies At Mishawaka

The annual ladies night of South Bend-Mishawaka Assn. of Insurance Agents was held at the Lincoln Highway Inn, Mishawaka. Ethel Gaumer's Philharmonic Singers entertained for approximately 60 members and guests. John Miles of Mishawaka was in charge of the entertainment. William Fox of the Bruner agency welcomed the group with a short address.

District of Columbia financial responsibility limits will be increased to 15/30/1 July 1, 1959.

Atkins In North America Head Office Accounting

North America has assigned Kendall R. Atkins Jr., manager of the Austin, Texas, processing office since 1953, to the comptroller's department at the head office where he will assume administrative accounting duties Aug. 15.

Robert H. Collier, assistant manager at Austin will succeed Mr. Atkins, who has been with the company since 1940 in accounting posts at the head office and at the middle Atlantic processing office. Mr. Collier joined the company in 1925, was named supervisor of the head office stock transfer department in 1946 and went to Austin in 1953.

Worldwide Marine Terms Clarified In New Book

An English language edition of "Tables of Practical Equivalents," containing principal terms, clauses and covers used in various countries for the insurance of cargo against transport risks has been published.

Analytical tables comparing expressions, technical terms and clauses in use in 13 countries comprising major marine markets are included to clarify differences in interpretation often complicated by language difficulties. Copies of the publication may be obtained from American Institute of Marine Underwriters, 99 John street, or from the U. S. Council of International Chamber of Commerce, 103 Park avenue, both New York City, at $1.75 per copy which includes handling and postage.

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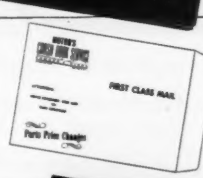

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Leggett Tells Plans To Strengthen Mo. Department

ST. LOUIS—Superintendent Leggett will ask the 1959 Missouri general assembly to enact legislation that will bring under the department supervision all types of insurance in the state.

Mr. Leggett revealed his plans in an appearance on the program "Close Up" in St. Louis, televised in cooperation with the Missouri Bar Assn. Among the panel of three who participated with Mr. Leggett was Preston Estep, president Transit Casualty and Selective and a former counsel for the Division of Insurance.

Touching on the need for a complete revision of the insurance code, Mr. Leggett told of his previous fruitless efforts to obtain funds and how bills intended to strengthen the laws against certain types of insurance had met defeat.

He declared that he personally favors bringing all types of insurance, including Blue Cross and Blue Shield, under department supervision. He said the same standards of financial responsibility should be imposed on all types of insurance.

He said that in many respects Missouri insurance laws do not require the same high standards as the laws of adjoining states but, on the other hand, the Missouri fire insurance rating law is very rigid. He pointed out that Missouri is one of the two states that hasn't put into use the so-called family package policy. This, he said, is due to some of the provisions of the fire rating law.

He remarked that Missouri's 2% premium tax brings in some $11,500,000 annually but none of this goes to the department. Instead it goes into the general revenue fund with 50% earmarked for the public school system. The department gets its operating funds from fees and special charges it collects from companies, agents and brokers. But less than half of those funds are used for the operation of the department, while other supervisory divisions of the state are permitted to use all of the fees they collect for the operation of their offices.

Mich. Agents Get Study Of Auto Expense Problems

LANSING—In spite of the recession squeeze on many incomes, Michigan motorists are surprisingly reasonable about the need for higher automobile rates, according to a bulletin sent the membership by Waldo O. Hildebrand, secretary-manager Michigan Assn. of Insurance Agents.

The attitude of the customers does not keep auto insurance from becoming the "No. 1 agency problem," according to the bulletin. Business in the line is considered good in most areas but collections are called "tough" in some.

Although many agents report "an acceptance of increased rates" and there is an apparent realization by many policyholders that "with increased accidents, fancier cars and higher awards, there isn't any alternative," the association intends to step up efforts to publicize the reasons for higher rates.

Bureau rates, it is conceded, are meeting with heavy competition from independent agency companies rather than from direct writers. Several instances are cited in the bulletin of comparative rates which make selling difficult for members representing bureau companies. A significant and possibly partly explanatory note in the bulletin states: "It must be remembered . . . that all bureau companies write less than 20% of the auto premiums in Michigan, less than half of which is private passenger car business."

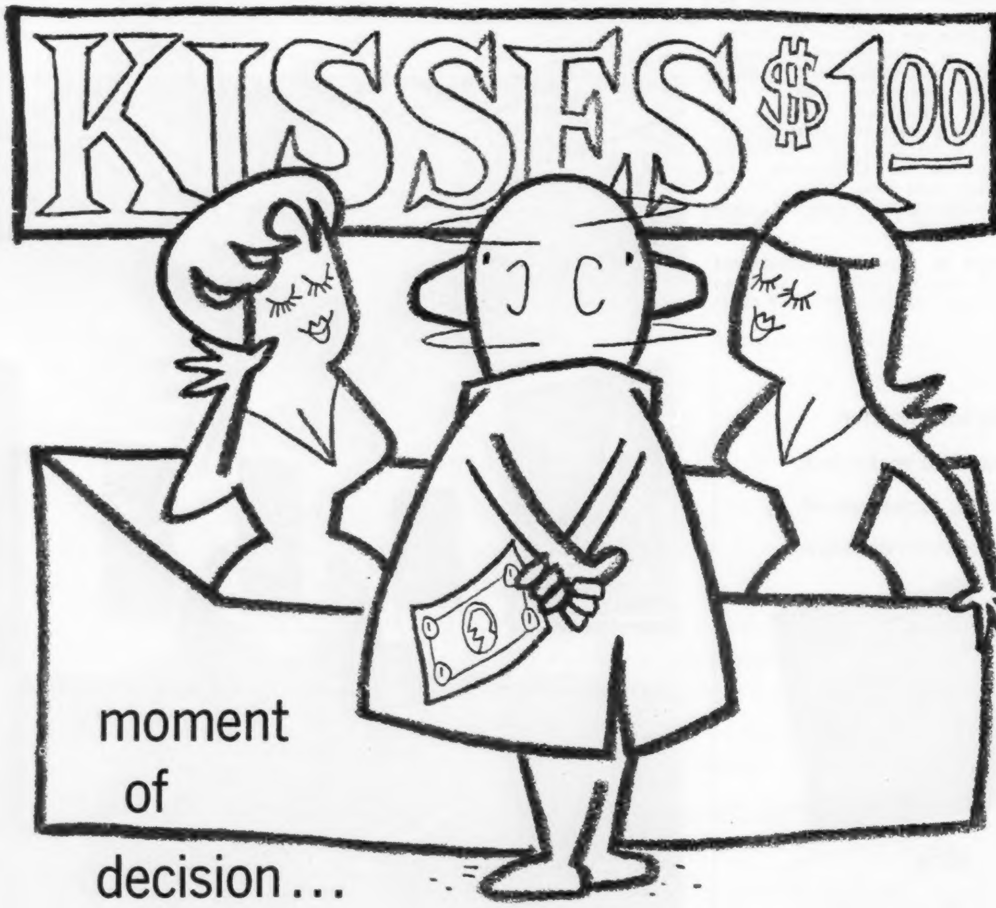
Commenting on the widely varying commission practices of the various companies, the bulletin states the view that "undue emphasis is being placed upon commissions as the cause and only possible cure for non-competitive rates" as proved by the fact that the keenest competition comes from independent agency companies.

Comparative Table Included

The bulletin includes a comparative table, breaking down premiums, losses, loss adjustment expense, commissions and brokerage, field supervision and collections costs, general expense, taxes, total expense, underwriting gain or loss, and percentage of earned premiums. Combined company expense for two bureau companies in the comparison exceeds the commission and brokerage cost in one case and is some 4% less in the other. Direct writers show much higher general company expense and low commission and brokerage costs while two independent agency companies show comparisons roughly equivalent to those of the bureau insurers, with combined expense exceeding commissions and brokerage by 2% in one case, while the reverse is true by nearly 3% in the other.

It is commented that "percentage loss experience of the bureau companies was comparable to the others, but based on a higher rate" and that the independent company with competitive rates paid a greater percentage of premium to the agent than one of the bureau companies. It was conceded, however, that the dollar value of the commission was the same although the independent commission rate was 25% compared with 20% for the bureau members.

The fact that direct writers allocate a larger percentage of the premium dollar for loss adjustment hints that "independent agents' assistance in loss adjustment is an economy to the companies that has gone unnoticed." Notice is taken of the fact that direct writers' company expense is almost great enough to offset the saving on commissions.



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(Based on the insured person's age at the time of diagnosis)

To age 30	$5,000
31 to 40	$4,000
41 to 50	$2,500
51 to 60	$1,000
61 to 65	$ 500
66 and over	NONE

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In addition to the medical expense benefits—policy pays $25.00 per week while hospitalized for one of the specified diseases—up to 26 weeks.

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What Electronic Device Does For Insurer

During the latter part of 1953, Farmers of Los Angeles made a study of medium-sized data processing machines, John B. DeNault, controller, told the national conference of Controllers Institute of America at White Sulphur Springs, W. Va. Owing to the group's already highly mechanized system, it could produce few savings, he said.

The insurer therefore concluded that the only justification for a switch to electronic equipment would be through initiating savings in clerical sections then outside its machine operation. Due to the free interchange of already-in-use punched IBM cards to tape and familiarity with IBM equipment it finally decided to use a 700 series IBM installation.

To date, tabulating personnel have been reduced by 38 to a staff of 141, while an additional reduction of 27 employes has been accomplished in the claims department, Mr. DeNault said.

Actually, there are no savings to date, he said, because against these savings must be balanced the cost of two years of programming and the transitional period which only lasted six weeks—as well as the $84,000 cost of housing the machine. In total, these items ran almost $200,000. Consequently, figuring savings this way, it will take four years to break even on the installation, but considerably less as utilization increases and the inflationary spiral raises the cost of wages.

He pointed out that base salaries have been increasing over the years at the rate of 7.6% per year. The present schedule of IBM machine rental was listed along with the number of old-type machines necessary to handle present volume. Present claims clerical and policy service operations now transferred to the 705, using 1956 labor factors plus salary cost increases of 7.6% were added. The result was a saving of $140,775 attributable to the 705 operations.

This $140,775 is an overly optimistic figure, because the group's business is not static, he said. Without the 705, the group would have adopted certain shortcuts and better procedures, thereby affecting some savings from 1956. Then too, in 1957, Farmers gained a greater over-all efficiency from employes, as manifested by an ever-increasing number of policies serviced per employe. This factor might reduce the 7.6% annual labor factor increase. But there is one big question: Would there be more over-all labor efficiency without the 705?

Can't Tie Up Machine

The machine is relatively so expensive that one must schedule accounting around it. An insurer can't tie up a machine costing $1,500 per working day, waiting for reports to come in from regional offices. Farmers doesn't sanction overtime, so this very expensive 705 has caused each of the nine regional offices to make their closings on schedule. This in turn has toned up the whole operation. It has caused everyone to be system-and-time conscious, and has resulted in actually reducing cost by ending procrastination.

Reports are not produced any earlier than formerly they were supposed to be. The difference merely is that the staff now must meet its dates, because the machine is precisely scheduled. The random access features allow broadening of certain reports and five certain details which were not economic to get, using sorters. In his opinion, neither advantage would be worth any extra expense, and he advised against any installation depending solely on these features.

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NIAGARA FIRE INSURANCE COMPANY...........................Est. 1850

THE FIDELITY AND CASUALTY COMPANY OF NEW YORK.........Est. 1875

NATIONAL-BEN FRANKLIN INSURANCE COMPANY.................Est. 1866

MILWAUKEE INSURANCE COMPANY..............................Est. 1852

ROYAL GENERAL INSURANCE COMPANY OF CANADA.............Est. 1906

THE METROPOLITAN CASUALTY INSURANCE COMPANY OF N. Y....Est. 1874

COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J..........Est. 1909

Patterson To Philadelphia As Royal Casualty Head

Royal-Globe has appointed Douglas B. Patterson casualty manager at Philadelphia. He joined the group in Richmond in 1951. Prior to his present appointment he served in the southern department at the home office for two years.

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Follmann Asks Doctors To Check Rise In Medical Care Costs

Cooperative action on the part of doctors, hospitals and insurance companies and organizations is needed now, if the American people are to avoid government controls on medical care and treatment, Joseph F. Follmann Jr., director of information and research of Health Insurance Assn. of America, told a meeting of the Connecticut Society of Internal Medicine in New Haven.

"No element in the Bureau of Labor Statistics cost of living index has risen as much as health care costs since World War II," Mr. Follmann said.

While doctors have lagged in the aggregate index of medical care costs, he reported that hospital, drug and miscellaneous costs have risen markedly.

Because the doctor controls the course of treatment, Mr. Follmann suggested that he can prevent the overutilization of medical treatment, extravagant care and unnecessary hospitalization, all of which add to the health care burden.

"That nearly all physicians stand firm against such abuses," he added, "is a tribute to their individual integrity and the ethics of the profession."

Mr. Follmann cited a recent survey in Michigan which revealed that 25% of the patient-days spent in general hospitals by Blue Cross subscribers there "constituted unnecessary hospitalization."

He noted that "our traditional respect for the profession of medicine is epitomized by the fact that it is the only profession or business permitted to establish its own charges almost entirely without the policing effect of competition or the imposition of public regulation. Because the individual physician is largely unfettered in setting the charges for his services, rigid self-discipline is of utmost importance to the preservation of private practice."

Most doctors, Mr. Follmann continued, resist raising their fees simply because health insurance is involved. However, those few doctors who take advantage of insurance companies can add a staggering amount to the total cost of the nation's medical bill.

Mr. Follmann reminded his audience that organized medicine recognized this danger when, in 1954, the house of the delegates of the American Medical Association stated at its clinical session, "To use insurance as an excuse to revise professional fees upward is but to contribute to the defeat of its purpose."

Insurance companies also have a vital role to play in the fight against rising costs, Mr. Follmann told his audience. Insurers must continue to direct their energies towards providing the best and most effective utilization of the health insurance dollar.

Health insurance can act as a brake on higher doctor and hospital bills, Mr. Follmann said, as is evidenced by the deductible and co-insurance features in policies such as major medical expense protection.

Alabama Pond Elects Ralph W. Black MLG

Alabama pond of Blue Goose has elected Ralph W. Black of Montgomery, Hurt & Quin, MLG; Joseph S. Mead of Mead & Norman, Birmingham attorneys, supervisor; Harry W. Poellnitz of Devore & Poellnitz, Birmingham general agency, custodian; Kenneth L. Stearns, partner of Brame, Ward & Hancock, Montgomery general agency, keeper, and M. E. Kendrick, General Adjustment Bureau, wielder.

Wellman Named Aetna Casualty Manager

Aetna Casualty has named James K. Wellman manager at Portland, Ore., to succeed Hayward Andrews, who resigned to join Walker & Co., representatives of the company at Los Angeles.

Mr. Wellman, with the company since 1946, went to Portland as a field representative in 1950 and was subsequently promoted to agency supervisor, superintendent of the agency department, and assistant manager.

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$30 Million Suit Against Larson Ordered To Trial; Conspiracy Count Dismissal Upset

The $30 million lawsuit brought by Bankers Life & Casualty of Chicago against Commissioners Larson of Florida and Cravey of Georgia and several of the insurers operated by C. A. Sammons, charging conspiracy, "was erroneously disposed of" when it was dismissed in district court, the U. S. court of appeals at New Orleans held June 30. The lower court has been reversed and the cause remanded for further "and not inconsistent proceedings, including trial on the merits."

The actual plaintiff is, of course, John MacArthur, president of Bankers L. & C., reputed by the newspapers to be the richest man in Chicago, and probably the most widely known insurance man in the U. S. He brought suit against the commissioners and Reserve Life of Dallas and affiliated companies on the contention that there was conspiracy under the Sherman act and the Clayton act. He sought treble damages for injury to Bankers' interstate business. The original charge held that "under the guise of cooperative regulation but in reality for the benefit of the Sammons controlled corporations, they (Larson and Cravey) and the corporations conspired to destroy plaintiff's business in Georgia, Florida and other states and to prevent its expansion in states where it was not licensed . . . The means of purported regulation were threats and the instigation of threats that plaintiff's license to do business would not be renewed, or actual refusal of renewal of licenses, at such times and in such ways that would facilitate carefully planned and highly successful concerted efforts by the Sammons controlled corporations to obtain the agency forces and thus the business of plaintiff in various states. To that end Larson and Cravey enlisted the aid of commissioners of other states, so that the scheme of the conspiracy became national in scope. Sammons controlled corporations maintain the adherence and cooperation of Larson and Cravey through bribery of commissioners and their employes. Officials of these corporations were active participants in diagramming both the scheme and moves which would insure its success for the benefit of the corporations."

District court dismissed the case on the grounds that there was no genuine issue as to a material fact; that, as a matter of law, the undisputed facts are "legally insufficient to show a conspiracy as charged . . . that inasmuch as the claim . . . is predicated upon the existence of such a conspiracy, plaintiff is not entitled to recover against any defendant; and that the case is one for summary judgment."

Raps Summary Judgment

The appeals court said in its opinion the case is by nature not susceptible of being disposed of by summary judgment and that on that ground alone it could order the judgment reversed and the cause sent back for trial, and went on to say that "no adequate showing has been made that there is any basis in the record for his (district court) conclusion that, though a case was stated in the pleading, the plaintiff was as a matter of law not entitled to a trial of the issues tendered in them. . . ."

To the contention of Commissioner Larson and Reserve Life that there was no showing of injury to the public and thus no case for relief was presented, the appeals court said: "It is sufficient to say that in our opinion, as applied to this case, appellees have completely misconceived and misapplied the principal they invoke." The court said there are full allegations that the alleged conspiracy was for the purpose of restraining Bankers L. & C.'s trade and commerce among the states, thus alleging at once both public and private injury.

"As to proof, we think it quite clear that here, as in other aspects of the case, appellees have not borne their burden of demonstrating that as matter of law there was no evidence which, if taken in the light most favorable to plaintiff, tended to establish the truth of its allegations."

In resisting the appeal of Bankers L. & C., Commissioner Larson and Reserved Life filed separate answers, and the appeals court referred to Mr. Larson's response as "drawing protectingly about himself the cloak of his immunity from suit for his actions as a state officer" and noted that "from the assumed vantage point of his claimed untouchability, attacks plaintiff and his cause in language more denunciatory than convincing, more calculated to generate heat than light. In short, instead of meeting the burden cast upon him under this record of showing by argument and discussion that in disposing of the case by summary judgment, the district court did not deprive plaintiff of his

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constitutional right of trial by jury, appellee Larson seeks, in part, to do so by sweeping animadversion upon the good faith of the plaintiff and his claims."

Reserve Life and the other appellees argued that agreement between state officials is not within the scope of the prohibitions of the Sherman act, because such prohibitions are directed against private persons and not against actions of state officials, and made the additional points that Bankers did not allege or show injury to the public; that there was no proof that Mr. Larson and/or Mr. Cravey engaged in a conspiracy against Bankers; that there was no proof that the Sammons companies joined in any supposed pre-existing conspiracies; that one of the vice-presidents on whose actions and statements part of Bankers' case rests had no authority to enter an illegal agreement even if he did so; that some of the evidence relied on by Bankers was inadmissible, including the transcript of a meeting of insurance commissioners, and the so-called Bradley reports to his employer.

On the point relied upon by Mr. Larson and Reserve that Mr. Larson, because of his official position, is immune from accountability, the appeals court commented: "It is sufficient to say that there is no authority, statutory or otherwise, authorizing the insurance commissioners of Georgia or Florida to conspire with persons to restrain commerce or exempting them from suit if they do so, and that Mr. Larson's vigorous denial of responsibility is really based not on any claim that if he did conspire he would nevertheless be immune but on his insistence that everything he did was in the line of duty and within the scope of his authority, as a state officer and not as a conspirator, and that as a matter of law there is no evidence to the contrary."

The attorney for Bankers L. & C. is Charles Short of the Chicago law firm of Brundage & Short.

Joe B. Hunt Headed For Second Term

Joe B. Hunt, insurance commissioner, was the winner in each and every one of Oklahoma's 77 counties in the primary election, leading the Democratic ticket and garnering approximately 250,000 votes.

This means Mr. Hunt will be elected to his second term. He is a popular, lively and enthusiastic commissioner, with a flair for politics.

In typical Huntian fashion, a press release announcing his victory described it as "an endorsement of his record of lowering the boom on phony insurance stock promotions—uncovering insurance tax frauds—breaking up old age pension insurance rackets—giving the state of Oklahoma a profit in excess of $32 million from the operations of his office."

Stocks

Fire stocks 5½on7 7-8 hs

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, July 8, 1958

	Bid	Asked
Aetna Casualty	133	137
Aetna Fire	65	66½
Aetna Life	190	193
Agricultural	28¼	29½
American Equitable	33	34½
American (N. J.)	25½	26½
American Motorists	11¾	12¾
American Surety	15¾	16¾
Boston	30	31¼
Camden Fire	29½	30½
Continental Casualty	82½	84
Crum & Forster com.	55	56½
Federal	40¾	41¾
Fireman's Fund	51	52½
General Reinsurance	55	57
Glens Falls	29	30
Globe & Republic	19	20
Great American Fire	36½	37½
Hartford Fire	153	155
Hanover Fire	37¼	38½
Home (N. Y.)	43	44½
Ins. Co. of No. America	107	109
Maryland Casualty	36¾	37¾
Mass. Bonding	34	35
National Fire	79	81
National Union	37	38
New Amsterdam Cas.	42½	43½
New Hampshire	39	41
North River	33½	34½
Ohio Casualty	21½	22½
Phoenix Conn.	64	66
Prov. Wash	16½	17½
Reinsurance Corp. Of N. Y.	14½	15½
Reliance	44	45½
St. Paul F.&M.	47½	48½
Springfield F.&M.	29½	30½
Standard Accident	45½	46½
Travelers	79	80
U.S.F. & G.	63	65
U. S. Fire	26	27

Caledonian-American Is Bought By S. F. General Agency

Rathbone, King & Seeley general agency of San Francisco has purchased Caledonian-American of New York for $1,800,000. The company had been owned by Peerless, which acquired it at the end of 1956.

The administrative offices of Caledonian-American will be moved to San Francisco and the name will be changed in conformity with plans to operate the company on a multiple line basis. Rathbone, King & Seeley will handle the operations on an underwriting management contract.

Caledonian-American, established in 1897, is licensed in 44 states.

$4½ Million B. C. Bridge Collapse

The London market is chiefly involved in the collapse of two sections of an almost finished $16 million, six-lane bridge at Vancouver, B. C. Twenty workmen were killed and 22 injured. The two end sections of the Second Narrows bridge over Burrard inlet gave way and plunged into the water.

Each of the two sections of the bridge was about 70 feet long. A huge crane which had been hoisting steel girders to the top of the bridge toppled over and plunged into the wreckage and water below.

The loss of the two sections, it is said, will cost insurers $4,500,000.

Ohio Casualty Had Wrong Limits

In reporting the qualifying limit of Ohio Casualty in the June 20 issue showing companies qualified to furnish bonds with the U. S. government, the 1957 limit for the company was shown as $1,980,000 instead of $1,800,000, as it should have been, and as it is again this year.

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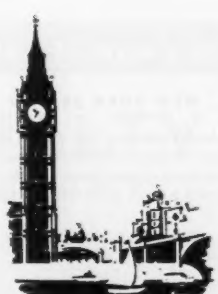

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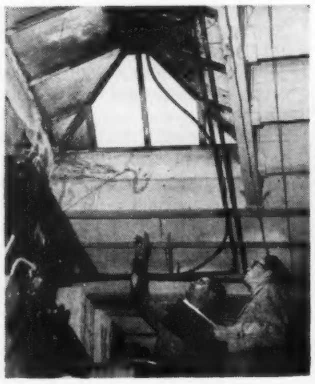


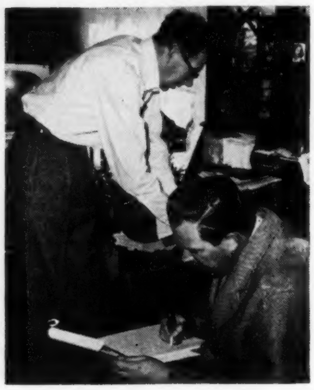

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Convention Dates

Aug. 10-13, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.

Aug. 20-23, Federation of Insurance Counsel, Fairmont hotel, San Francisco.

Aug. 20-21, Hoosierland Rating Bureau and A.B.C. Service Bureau, annual, Marott hotel, Indianapolis.

Aug. 21-23, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.

Aug. 21-23, Montana Assn. of Insurance Agents, annual, Northern hotel, Billings, Mont.

Aug. 21-23, Texas Assn. of Mutual Insurance Agents, annual, Hilton hotel, San Antonio.

Aug. 24-28, Section on insurance negligence and compensation law, American Bar Assn., Ambassador hotel, Los Angeles.

Sept. 4-5, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.

Sept. 8, Vermont Assn. of Insurance Agents, annual, The Lodge, Smugglers Notch, Stowe.

Sept. 8-9, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.

Sept. 14-16, Minnesota Assn. of Insurance Agents, annual, Hotel St. Paul, St. Paul.

Sept. 14-16, Washington Assn. of Insurance Agents, annual, Chinook hotel, Yakima.

Sept. 16-18, Wisconsin Assn. of Insurance Agents, annual, Schroeder hotel, Milwaukee.

Sept. 16-19, Mutual Loss Managers' Conference, annual, Statler hotel, New York City.

Sept. 17-19, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.

Sept. 17-19, Oregon Assn. of Insurance Agents, annual, Multnomah hotel, Portland.

Sept. 19-20, Utah Assn. of Insurance Agents, annual, Utah hotel, Salt Lake City.

Sept. 22-24, International Claim Assn., annual, French Lick Springs hotel, French Lick, Ind.

Sept. 22-25, Assn. of Superintendents of Insurance of the Provinces of Canada, annual, Empress hotel, Victoria, B. C.

Oct. 5-8, Conference of Mutual Casualty Companies, annual, Chalfonte-Haddon Hall, Atlantic City.

Oct. 5-8, National Assn. of Mutual Insurance Companies, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.

Oct. 6-7, Conference of Actuaries in Public Practice, Morrison hotel, Chicago.

Oct. 6-8, National Assn. of Insurance Agents, annual, New Orleans.

Oct. 12-15, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 19-21, Illinois Assn. of Insurance Agents, annual, Morrison hotel, Chicago.

Oct. 19-21, Maryland Assn. of Insurance Agents, annual, Emerson hotel, Baltimore.

Oct. 19-21, Missouri Assn. of Insurance Agents, annual, Coronado hotel, St. Louis.

Oct. 20-21, Arizona Assn. of Insurance Agents, annual, Pioneer hotel, Tucson.

Oct. 20-21, Insurors of Tennessee, annual, Claridge hotel, Memphis.

Oct. 20-22, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 20-22, National Assn. of Mutual Insurance Agents, annual, Commodore hotel, New York City.

Oct. 23-25, Colorado Insurors, annual, Broadmoor hotel, Colorado Springs.

Oct. 26-28, Ohio Assn. of Insurance Agents, annual, Columbus.

Oct. 27-29, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.

Oct. 27-29, Health Insurance Assn., individual insurance forum, Drake hotel, Chicago.

Oct. 28-29, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.

Nov. 20-21, Conference of Mutual Casualty Companies, accounting and statistical, office methods, and personnel conferences, Conrad Hilton hotel, Chicago.

Nov. 24-26, National Assn. of Independent Insurers, annual, Hotel Fontainebleau, Miami Beach.

An appraisal will protect you, too!

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American Appraisal reports for your clients are good protection for you.

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Four New York Changes For Standard Accident

Standard Accident has made changes in the New York branch and suburban offices.

Francis E. Fletcher, manager of the suburban office since 1953, became manager of the agency department of the New York branch. He began with Standard Accident in 1935 in New York and has been renewal rater, senior clerk, claim representative, field representative and manager at Albany.

William J. Raftery has been appointed manager of the suburban New York office at Hempstead, L. I. He started with the company in 1940 in the metropolitan office. In 1946 he was made junior underwriter and later became a senior underwriter. In 1951 he was appointed assistant manager of the casualty underwriting department. In 1957 he was made a suburban field representative.

Habas In Claim Post

Arthur Habas has been appointed assistant manager of the New York branch office claim department. He joined Standard Accident in 1954. In 1955 he was transferred to the suburban office as a supervising claim representative.

Josephn Vollkommer Jr. has been appointed production manager of the metropolitan office. He started with Standard Accident in 1937 and in 1952 was appointed New York production manager.

Two Ask More Deviation On N. C. Auto Liability Cover

Applications from 14 companies for deviations in auto, fire and other lines will be heard July 23 by Commissioner Gold of North Carolina.

All the companies presently have deviations in force. Most are merely asking for renewals. The only changes requested are: Government Employees, seeking to increase its auto liability deviation from 20% to 25%; National Mutual, seeking to increase its auto BI and PDL from 15% to 17½%; and Nationwide Mutual Fire, asking a 15% deviation on homeowners.

Other applications are Allstate, 10% auto BI and PDL and auto PHD except collision, 20% auto collision, 15% fire and EC, and 10% homeowners; American Druggists, 20% fire and allied lines; Church Fire, 20% fire and allied lines on Episcopal church property; Government Employees, 25% medical payments, and 30% auto PHD except fleets; Harleysville Mutual Casualty, 5% auto liability, 10% burlary and glass, and 15% general liability; Harleysville Mutual, 15% auto PHD.

Also Home Mutual Fire, 15% auto PHD and homeowners, 10% EC, and 20% fire; Nationwide Mutual, 25% auto PHD; North Carolina Farm Bureau Mutual, 20% auto liability and 25% auto PHD excluding fleets; Reciprocal Exchange, 15% fire on bottling works and breweries; State Farm Mutual Auto, 15% auto liability and 25% PHD excluding fleets; United Services Auto, 20% auto liability and PHD; Utica Fire, 15% fire and allied lines, 15% glass and 20% auto PHD.

Meadows Top Sw Engineer For Hartford Accident

Hartford Accident has named Clayton J. Meadows superintendent of the engineering department in the southwest department. He joined the company in 1939 and has been district engineer at Houston.

William J. Howard has joined the compensation and liability department at Dallas after three years in that unit at the home office.

Charles W. Shafer, with the Philadelphia engineering department since 1941, has been advanced to district engineer at Pittsburgh to succeed Leighton D. Hutcheson, who has retired after 28 years in that post.

Donald C. Davidson, field engineer at Washington, D.C., since 1947, has been appointed district engineer there, and Maurice K. Wietzki has been advanced to that post at the new engineering district at Omaha. He has been with the company since 1950 as an engineer at Albuquerque, Kansas City and Lincoln.

SEC To Hear Firm On Nw. F.&M. Purchase

WASHINGTON — Inter-Canadian Corp., Minneapolis investment company, has asked Securities & Exchange Commission for an exemption order under the investment company act of 1940 permitting its purchase of stock of Nothwestern F.&M.

According to the application, purchase of Northwestern's stock by Inter-Canadian is a preliminary step looking toward the latter's acquisition of Northwestern's portfolio. Inter-Canadian has entered into a contract with Hartford Fire, which owns or controls 19,800 of the 125,000 outtanding shares of Northwestern common. Under this contract, Inter-Canadian offers to purchase at $41 per share all stock of Northwestern tendered to it, provided sufficient shares are tendered.

If Inter-Canadian acquires 66⅔% of the Northwestern stock, it proposes to exchange its own newly issued shares for the assets of Northwestern, which will then be liquidated and dissolved.

Dear Jim:
You were sure right about the Aetna Casualty and Surety Sales Course. I'm learning more about insurance and insurance selling than I ever knew could be taught.
As soon as I can put this know-how into practice - like you have - I'll bet we'll really see our volume grow!
Tom

P.S. That's your old friend, Amos Redding, on the platform. He really keeps us hopping!

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ALL FORMS OF CASUALTY, BONDING, FIRE AND MARINE PROTECTION

Midwest Field Men Gather For PR Rally

Some of the presidents and public relations chairmen of the 18 field organizations in Western Underwriters Assn. territory and WUA officers, who met last week in Chicago, are shown in the accompanying pictures. The first day of the annual gathering with the WUA PR committee and staff members, the field men met with the WUA public relations committee. Also on hand were numerous organization executives and company officials. M. C. Formo, secretary Great American, Chicago, chairman, presided.

The second day consisted of an intensive workshop on field association activities conducted by the WUA staff.

All of the associations have changed their names to Capital Stock Insurance Assn. in their states.

Top row, from left, M. R. Crowl (Royal) Tennessee; T. E. Duncan (New Hampshire) Tennessee; D. J. Boyle (Royal) Kentucky; C. C. Purdom (Royal) Kentucky; Kiah Smith (U.S.F.&G.) Missouri, and H. E. Johnson (Aetna) Missouri.

Center, R. L. McCreery (Crum & Forster) Illinois; L. W. Berg (Aetna Casualty) Illinois; D. E. Willman (London & Lancashire) Michigan; W. W. Pierce (St. Paul) Wisconsin; H. O. Herman (Atlas) Wisconsin, and D. A. Cameron (North British) Michigan.

Bottom, F. A. Reiner (Springfield) Iowa; Terry Carpenter (Travelers) Indiana; H. W. McCusker (Royal) Indiana; W. L. Venable (U.S.F.&G.) Ohio; W. A. Gibson (North British) Ohio, and T. J. Vierling (Reliance) Iowa.

Shown at the public relations parley of Western Underwriters Assn., from left, C. H. Metzner; E. H. Born, manager WUA; F. W. Doremus, manager EUA; K. S. Ogilvie; W. G. Dithmer, and W. H. Wolf. With the exception of Mr. Doremus, all are of the WUA staff.

Top row, all from left, L. C. Johnson (Providence Washington) Nebraska; Paul Taylor (Springfield) Nebraska; R. S. Parker (American) New Mexico; G. M. Mitchell (U.S.F.&G.) New Mexico; L. M. Smith (Great American) North Dakota, and Byron Anderson (St. Paul) North Dakota.

Center, H. V. Lale (N. Y. Underwriters) Oklahoma; W. C. Colcord (Travelers) Oklahoma; H. E. Prater (Reliance) Kansas; H. R. Joyce (National Union) Kansas; D. E. Miller (North British) Mountain States, and John B. Leydon (America Fore Loyalty) Mountain States.

Bottom, R. L. Gallagher (Royal) South Dakota; G. W. Schodde (Baumann & Gordon) Minnesota; D. D. McFeters (Phoenix) Minnesota; H. J. Kotecki (U.S.F.&G.) Cook county; D. V. Lewis (U.S.F.&G.) South Dakota, and W. B. Browne (Great American) Cook county.

MacKay Moves To Fund Home Office

James R. MacKay, vice-president of Fireman's Fund, has transferred to San Francisco after six years in the New York and Boston offices. He will continue special nationwide executive assignments.

Mr. MacKay has been with the Fund since 1936. He became assistant secretary in 1951, assistant vice-president and assistant manager of the eastern indemnity department in 1952, resident vice-president and New England manager in 1956.

Mass. M&C Rates Rise

Mutual Insurance Rating Bureau has increased BI rates for M&C 4.3% in Massachusetts, effective July 9. In Oklahoma BI rates were adjusted by classification and industry group.

Kirkham Advanced By Hartford Accident

Hartford Accident has appointed John A. Kirkham III as engineering field supervisor at the home office. He will direct engineering activity in the following branches: New England, Albany, Buffalo, Syracuse, Philadelphia, Pittsburgh, Boston, Washington, Bridgeport and Baltimore. He joined the company in 1948 at Baltimore and was senior and then district engineer there before going to Hartford in 1956.

Ask La. Commissioner Vote

The Louisiana house has passed a proposed constitutional amendment to make the office of insurance commissioner an elective instead of an appointive post. The proposal will be voted on at the November general election.

Moore To Eastern Unit Of North British

Walter F. Moore, assistant secretary of the midwest department of North British, has transferred to the home office in the same capacity in the eastern department. He will be associated with P. A. deGruchy, secretary, and R. O. Meyer, general agent.

Mr. Moore has been with the company 32 years in several western fields and in underwriting and administrative capacities.

Swartz In Medical Post For America Fore

America Fore Loyalty group has appointed Dr. Herbert P. Swartz associate medical director of the western department. He succeeds Dr. Karl L. Vehe, who is retiring.

Dr. Swartz has been in private practice in Kankakee, Ill., where he was president of the county and city medical societies. He is on the medical advisory committee of the Illinois public aid assistance board.

Cox Heads Buffalo CPCU

Herber C. Cox, faculty member and insurance adviser of University of Buffalo, has been elected president of the Buffalo CPCU chapter. Other officers elected are Herbert J. Preve, Magoon & Co., vice-president; Ivor D. Nicholls, assistant casualty manager of Buffalo, treasurer; and John R. Adams, special agent of Security, secretary.

The **Insurance Accountants Assn. of San Francisco** will hold its annual conference October 28.

N. E. Mutual Fire Assn. Elects MacArthur

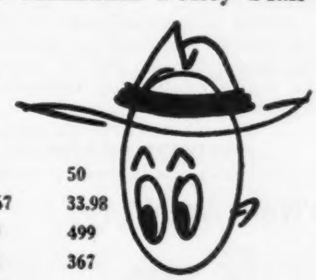
Mutual Fire Insurance Assn. of New England elected Harvey MacArthur, president of Quincy Mutual Fire, president at the annual meeting in Boston. Francis S. Goff Jr., Providence Mutual Fire, and Arthur W. Benson, Pawtucket Mutual, were elected vice-presidents.

La. Passes Bills

The Louisiana legislature has passed bills that would require companies writing all kinds of fire and casualty insurance to have a minimum capital and surplus of $650,000 instead of the present $500,000. Instead of the current $50,000 for writing each additional kind of insurance, $100,000 in capital and surplus would be required. Another bill passed makes it mandatory that the state rating and fire prevention bureau audit all fire insurance policies in compliance with filings approved. The bureau would include as members all fire insurers doing business in the state. Presently only stock fire insurers are statutory members of the bureau.

Big Policy Competition Giving You Ulcers?

Investigate Anico's new ES 100 EXECUTIVE SPECIAL $25,000 Minimum Policy Plan



Competitive Rates & Values
(all ages 0 thru 70)
Rates & Values per $1,000

AGE	0	20	30	40	50
A. P.	8.45	11.47	15.76	22.67	33.98
CV 20	126	250	325	410	499
CV 65	675	638	593	522	367

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COMMENTS TRENDS OBSERVATIONS

Failure To Reserve Commissions Can Put Producer In Serious Difficulty

Points and Viewspoints, publication of the Jaffe Agency of New York, calls attention to a producer problem that is always present but may be more so in these times:

Last fall one of our brokers landed a rather substantial account; the premiums for all the lines—fire, liability, compensation, boiler, 3-D—were close to $100,000. He placed all the insurance from scratch and insured preferred to have the premiums for all the various policies financed with Afco rather than to have the fire written on the installment plan. The broker signed the usual agreement common to finance plans, in which he guaranteed return of unearned commissions in event of cancellation.

A month ago new interests took over the account and returned every policy for cancellation. The unearned commissions which the broker is obliged to return ran a little over $10,000. And even more disagreeable is the fact that the broker has already spent his commissions—as he had every legal right to do—and he just doesn't have the money. He's really on the spot. (The commingling law keeps brokers from touching the premiums, but the commissions over and above operating expenses are free to be used as wanted.)

Maybe we can learn something from the unearned premium reserve that the companies are obliged to maintain. It seems to us that a prudent broker would set up and maintain an unearned commission reserve whenever a sizeable premium is financed, and it seems that most financed premiums are sizeable.

The mechanics could be quite simple. Put the money in a separate bank account—an interest bearing account makes sense—and "free" a slice of the unearned commissions each year as they become earned. For example, if you are financing a three-year policy with a commission of $600, you can release $200 of this after each year. Of course if you find you don't need these commissions to operate, you can always leave them in the account until you take that trip to the moon.

To a limited degree, the problem goes beyond financed premiums alone. There are certain circumstances under which brokers incur a moral obligation to return commissions, and there are some individual lines—often jumbo risks—in which brokers assume this obligation by agreement, even though the premiums are not financed. It may even be a prudent plan to make a little "general unearned commission reserve" of, say, 2% or 3% of your commissions for such contingencies.

Praises Fla. Traffic Probe On Rate Rises

Robert A. Hedges, assistant professor of finance at University of Illinois, writes:

I would like to call your editorial attention to a small news story on page 13 of your May 23 issue. In the midst of all the troubles and harassment attending the automobile insurance business these days; in the face of difficulties raised across the country by the public and its official representatives, the state legislators and administrative officials—an enlightened and constructive approach to the subject by a public body ought to be singled out for attention, commendation and encouragement.

The story comes from Florida, where there has been about as much harassment and adverse pressure on the business as anywhere. It took you only three sentences to tell all of it, and just one sentence to put the important point. The heading is "Reject Florida Probe," and the lead sentence is "Florida legislative council has rejected a proposal for an investigation of the insurance department's rate-setting powers, and instead voted to direct its public safety committee to study traffic problems which result in increased insurance rates."

What a breath of fresh, cool, invigorating air into an area so overhung with stale, hot air obscuring smoke. Its appearance should be heralded—emblazoned with 30-point type.

Thorn Has Plan For Company, Agent To Save 10% Of Dollar

Craig Thorn Jr. of Hudson, immediate past president of New York State Assn. of Insurance Agents, has tackled agency-company expenses in a letter to the presidents of his companies. During the past year there has been a lot of talk about how expenses may be reduced by companies and agents but no one has seemed willing to act, he comments. He sets out 13 ways in which his agency will reduce company expenses and calls upon the company to institute similar savings in their operations. Mr. Thorn believes what he suggests will save 10%. Mr. Thorn writes:

As one of your local independent agents in New York state, we appreciate the fact that your company has not made any material reductions in automobile liability commissions. As many other companies have recently taken such action, your agents are in an enviable position in this state.

Problem's Seriousness Noted

We realize at the same time the seriousness of the auto underwriting problem both here and throughout the nation.

At this time we will take the following steps as our share not only to ease the auto situation, but to strengthen the entire relationship between your company and our agency:

1. We will stop ordering stationery,

(CONTINUED ON PAGE 22)

Agent Disheartened By Cancellation On Age Reasons Alone

Rosser Long, Fayetteville, president West Virginia Assn. of Insurance Agents, writes:

I've just had my first personally recommended auto risk in 21 years declined.

The risk was not declined because he was a poor driver. The truck that he drives all day was readily acceptable under the contractor owner's policy.

It wasn't because of a moral hazard, because he has an interest in his church and is known as a worker.

He was not declined due to irresponsibility, because he is a married family man, with a year old child, who lives with and helps support his 75 year old father-in-law.

It couldn't have been because his insurance had been cancelled by other companies as he had not previously had a car or insurance.

He was not an unknown walk-in. My office force has known him from three to 20 years and personally recommended him.

It wasn't because of his loss record as he has had no accident. But, the insurer continues the insurance on the owner of the truck he drives who was involved in two losses within 12 months—one in the same truck.

We don't think it was due to a poor credit report as to our knowledge he pays his bills promptly and fairly. Although at the moment he is not blssed with a great abundance of worldly goods, he does have a happy family and sufficiently provides for them.

He was declined for one reason and one reason alone. He was only 20 years old.

I think I've had a very successful underwriting career in insurance. I've always been commended for my excellent, above the average, loss ratio. I've made this record by considering the applicants known driving ability, loss record and maturity and moral standing in the community. But, I would like to know why and how a person's acceptance as an auto risk can be judged solely on his age.

Since this seems to be the almost universal attitude of the industry at the present time, I cannot see how we are going to build our agencies through the assigned risk plan.

Columbus Agents Honor O'Neill And Vorys

Orland W. Ross (left), new president of Insurance Board of Columbus, looks on as John M. Miller, the outgoing president, presents a certificate of appreciation from the agents to Arthur I. Vorys, Ohio superintendent of insurance. In the center is Chalmers Wylie of the staff of Gov. O'Neill of Ohio, who also received a certificate, and at the right is Harry Sharp, executive secretary of the Columbus board.

Gov. O'Neill of Ohio and superintendent of insurance Arthur I. Vorys received certificates of appreciation from Insurance Board of Columbus at its annual meeting recently. The governor and Mr. Vorys were commended for their service to the public and the insurance business in Ohio, the governor in particular for his support of measures which led to the creation of a department of insurance and the inclusion of the superintendent in the cabinet. Mr. Vorys was cited for his diligence and fairness.

John M. Miller made the presentation. He is the outgoing president, and was succeeded by Orland W. Ross. Michael P. Gallagher is vice-president, Wilber L. Such treasurer, and Harry C. Sharp executive secretary.

Bill Would Indemnify U. S. Government Employes

A bill has been introduced in Congress to indemnify officers and employes of the government against liability for damages caused by operation of motor vehicles on official business.

The government would pay BI, PDL and death judgments on condition that payment is accepted as full settlement for all claims against it and the employe. The Attorney General would defend any civil action brought in any court against government officers or employes in such cases. The bill has been referred to the committee on the judiciary.

Phoenix Of Hartford Agent Seminar Meets

Phoenix of Hartford has held its first management seminar reunion for 31 prominent agents from 19 states and several provinces of Canada. Agents who attended the company's advanced agency management forums in prior years convened for two days at the home office and were welcomed by John A. North, president.

Under the direction of W. Stephen Chandler, vice-president, the seminar featured a forum on current problems, and a reappraisal of "the new look in the industry."

Aetna Fire Makes Changes In Connecticut Field

Aetna Fire has transferred State Agent John C. Johnson from Norwalk, Conn., to Hartford as assistant manager. He will be associated with Manager James B. Tanner. Special Agent Russell E. Cole goes from Hartford to Norwalk, where he has been promoted to special agent in charge of southwest Connecticut.

Mr. Johnson joined Aetna in 1949, and received training in various fire departments before taking the group's multiple line training school. In 1951 he was appointed a special agent in Dallas, and a year later transferred to Houston. He returned to the home office when the Hartford branch was opened in 1955, and went to Norwalk the following year. He became state agent in 1956.

Mr. Cole served in the underwriting and survey departments and is a graduate of the multiple line school. He went to Norwalk as a special agent in 1949, and transferred to Hartford in 1950.

Manning Heads Canadian Catastrophe Claim Office

N. H. Manning, agency superintendent of Guardian of Canada, has been named manager of the Quebec provincial catastrophe claims office.

In the event of a catastrophe, Mr. Manning will be relieved of his duties with Guardian and will devote full time to directing the activities of the committee until the emergency has ended and normal adjusting procedures are resumed.

Broome County Assn. of Insurance Agents at its annual meeting in Binghamton, N. Y., elected John F. Russell president, Carl Walker of Vestal vice-president, Edmund Farrell of Johnson City and Edward Brink of Endicott directors. The retiring president, Walter Ayres, commented on the year's activities which included a local advertising campaign and the furnishing of speakers for driver training classes.

Organize W. Va. F.&M.: Expansion Planned

West Virginia Fire & Marine has been organized in Huntington W. Va., with capital of $100,000 and paid in surplus of $150,000. The intention is to increase this to a figure of between $400,000 and $500,000 by the end of 1958. The company is licensed presently in West Virginia only and for fire and allied lines plus inland marine. It intends to expand its operations into other territories and eventually to become fully multiple line.

The company is one of two subsidiaries of West Virginia Insurance Management Corp. of Huntington, the other being West Virginia Life, which began operations last year and is presently writing business in West Virginia. Louis J. Miller Jr., former commissioner of West Virginia, is president of the life company, which has approximately $500,000 in capital and surplus.

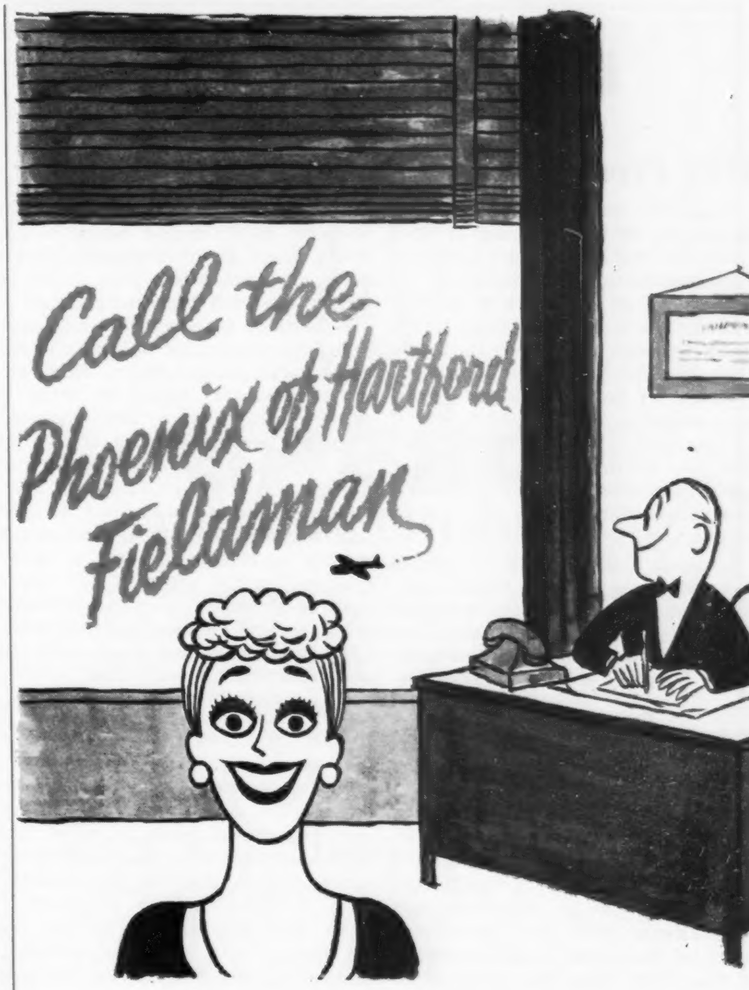
West Virginia F.&M. is operating through the agency system and has appointed as general agent for the state Central Underwriters Service of Huntington, in which the principals are Earle S. Dillard and Frank Bloss. The general agency recently merged with the Fred Campbell & Sons agency at Wheeling, and Central Underwriters Service will have offices in both Huntington and Wheeling.

William L. Branch is president of the new fire company. He is a practicing attorney at Huntington and some years ago was engaged in insurance claim work. Vincent J. Pobrislo, president of the management corporation, is vice-president of the fire company; Raymond J. Hage, former life agent and for several recent years head of a Huntington agency specializing in A&S, pensions and profit sharing contracts, is secretary; and V. Gaines Bryan Jr., public accountant, is treasurer.

Mutuals Revise M&C Rates

Mutual Insurance Rating Bureau has revised M&C rates for BI, effective July 2, in Mississippi, Oregon, Pennsylvania and Washington. The rate is increased 5.5% in Mississippi and 17.6% in Pennsylvania, and is decreased 3.1% in Oregon and 3.1% in Washington.

The address of **Lester Harold,** for many years a well known figure in the Lloyds business in Chicago, was given incorrectly in the June 6 issue. The correct address is Veterans Administration, Section 8, Domiciliary, Wood, Wis.



"My agency boss wants all his reminders in writing"

THE Phoenix of Hartford
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Editorial Comment

Why Producers Lead A Dog's Life

It seems to be highly unlikely that anyone can devise a training program which will cause dogs to act uniformly in relation to carpeting. However, the Jaffe agency of New York in its publication "Points & Viewpoints" is optimistic enough about human beings to express the hope of uniformity of treatment by the insurers of dog losses to carpeting under homeowners C and personal property floaters. Mr Jaffe puts his finger on what must be one of the most frustrating experiences of a producer in any highly competitive area.

He doesn't mind if all companies pay such losses, or if all insurers decline them. But when about one-third of them pay such losses without much trouble, another one-third absolutely refuses to do so, and the balance follow a yes and no policy, what is the producer to do except escape to the South Seas? If the companies decide not to pay such losses, they should be clearly excluded from the policies.

A variable in coverage which produces the same kind of jitters is full cover auto comprehensive. Here Mr. Jaffe believes it would be better if such coverage were not available. Then the producer would not be on the fence between cooperating with his insurers and cutting claim conscious insured down to size on one side, and worrying about who might step in to give his insured a better coverage on the other. If full cover can't be abolished, the price differential should be increased and the minimum premium hiked to as much as $25.—K.O.F.

Kibitzer Plenipotentiary

Once again we are being treated to the spectacle of the state of New York allegedly knowing more about how an insurer should operate than the insurer itself does.

This time it is Superintendent Wikler's denial of the 40% rate increase sought by Associated Hospital Service, the New York City Blue Cross plan. Instead, he has offered AHS barely half of what it asked for—a 22.3% increase, to be precise, to run until Sept. 30, 1959. By that time it is expected that a study now being conducted will have demonstrated how the hospital and Blue Cross can save a lot of money and get along on a lot less than they think they need.

President Charles Garside has indicated he will accept the 22.3% increase.

"What else can we do?" he said dejectedly.

The airy assurance of the New York department in telling AHS that it needs only half the increase it asked for reminds us of the "Rules for Visitors" sign that used to hang in the engine room of the old-time Lake Michigan steamer "Virginia." One of the rules read: "If you see anything wrong with the engines, be sure to tell the engineer. He probably would not know about it, since he is only around the engines every day."

Somehow we feel that a visitor in the AHS engine room, even one as well-informed as a New York department technician, wouldn't know as much about what ought to be done as the people who are there every day and, more than that, are charged with primary responsibility for keeping the craft afloat and operational.

The New York department, like all insurance departments, is given a high degree of responsibility. But you only have to look back to the Preferred Accident fiasco of a few years ago to be reminded that even a department as good as New York's is no substitute for sound management.

When an insurer's management wants to pursue a safer and more conservative course than the insurance department thinks is called for, there would seem to be an extremely heavy responsibility on the department to prove that its judgment is better than the insurer's. In fact, in the absence of a clearly exaggerated demand on the part of the insurer, it would seem the better part of wisdom for the department to be extremely cautious about denying the relief that is asked for.

For the New York department to say, in effect, that AHS wants almost twice as large an increase as it actually needs seems fantastic, unless the department can point to some pretty huge extravagances in what AHS is doing. It has not done so. It merely hopes that its pending study will turn up some helpful hints, not only for operating AHS more cheaply but for operating hospitals more cheaply.

Since AHS has no control over the expenses of its member hospitals, the department's attitude is a little like denying fire insurers a rate increase on the ground that their insured should live in less combustible houses, or granting only half of a needed increase in auto liability rates until the department made a study of how claims could be cut by requiring all car-owners to install speed governors.

The New York department system of forcing an insurer to skate on thin ice has all the disadvantages of state socialism and none of the advantages. Under the present system, the New York department limits AHS's financial strength but takes no financial responsibility whatever for any untoward results, as it would if the state were doing the insuring instead of acting as kibitzer plenipotentiary.—Robert B. Mitchell, executive editor.

—

Wade Everhart Jr. has joined his father's agency at Ft. Lauderdale, Fla., as secretary and a director. He was in the inland marine department of Royal-Globe at New York last summer.

Personals

Richard C. Wagner, formerly manager of the casualty department and associate counsel of Assn. of Casualty & Surety Companies, was recently


Robert N. Gilmore Jr.


Richard C. Wagner

elected assistant general manager. **Robert N. Gilmore Jr.,** formerly associate counsel, was named general counsel, and **Marcus Abramson** advanced from associate counsel to assistant general counsel. **Andrew Kalmykow,** formerly assistant manager of the casualty department, succeeded Mr. Wagner as manager.


Andrew Kalmykow


Marcus Abramson

Leo B. Menner, president of Leo B. Menner & Co., Chicago, has returned with his son, Leo, from a two weeks' visit to London. As Lloyds representatives, they visited with underwriters and their correspondent in making plans for new insurance developments by the agency. They were among the first travelers to inaugurate Pan-American Airways' new direct service from Chicago to London.

A. E. Gilbert, executive vice-president of American International Underwriters, flew to Frankfort, Germany, on the first leg of an extended business trip through Europe and North Africa. He will visit AIU offices, agents and correspondents.

Hugh F. McKenna, supervisor of small group sales for United Benefit Life, received life membership in Omaha Junior Chamber of Commerce. He was national president of U. S. Junior Chamber of Commerce in 1955-56.

Jack B. Abrams, Cincinnati agent who specializes in boat coverages, had need of such coverage himself when an inebriated paint salesman appropriated and wrecked Mr. Abrams' $2,500 outboard. The craft came to rest on the shore of a Kentucky boat harbor, completely out of the water with its motors still going, after a wild ride through heavy weekend river traffic. Ironically, Mr. Abrams is a leader in promoting river safety and his "Cap'n Jack" emblem has become known to practically every boatman in the Cincinnati sector of the Ohio river. Scores of persons witnessed the high-speed maneuverings of his boat on the very eve of national safe boating week. Save for accurate and prom-

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CINCINNATI 2, OHIO—420 E. Fourth St., Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; Arthur W. Riggs, Statistician.

CLEVELAND 14, OHIO—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3396. Paul Blesi, Resident Manager.

DALLAS 1, TEXAS—309 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Bldg., Tel. Amherst 6-2725. J. Robert Ebelhardt, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-5966. D. J. Stevenson, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo E. Wohlgemuth, Resident Manager.

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inent newspaper coverage—identifying the operator as an unauthorized outsider—Mr. Abrams' business reputation might have been imperiled. There was damage to the aluminum hull and the propellor blades spun for some minutes in sand. New York Underwriters is the insurer.

Deaths

RUSSELL WOODALL, 52, head of the Woodall agency of Marion, Ky., died July 1. His father, C. A. Woodall, founded the Woodall agency at Princeton, Ky., in 1907 and is still associated with it together with his son, C. A. Woodall Jr., and his son-in-law, Virgil Smith. Another brother, Roy Woodall, former president of Kentucky Assn. of Insurance Agents, is with the Woodall & Melton agency at Paducah.

B. D. WRIGHT, 91, Lockport, N. Y., agent, died. He was a founder of Shapleigh, Wright Co. and president and treasurer of that agency until its purchase last year by Brewer & Brumley, which is headed by Herbert S. Brewer, president of New York State Assn. of Insurance Agents.

ALBERT A. CHESMAN, 85, Deerfield, Mich., died after an illness of about a week.

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KENNETH L. HINGST, 49, administrative assistant at the Rockford branch office of American, died several weeks ago at St. Francis hospital, Burlington, Ia. He was most loyal gander of the Heart of America Pond of Blue Goose in 1952 while serving as state agent and manager of American at Kansas City. In 1953 he was transferred to the western department at Rockford, and continued there when the operation was changed to a branch office status. Mr. Hingst was in the local agency business before joining American and served in the field in Illinois, Missouri and Minnesota.

THOMAS F. TARBELL, 70, retired vice-president and actuary of Travelers, died unexpectedly in Scotland during an extended tour of Europe. He was a past president of the Casualty Actuarial Society and had also headed Assn. of Casualty Accountants & Statisticians and the industry uniform accounting committee.

WILLIAM F. K. RUTH, 74, a founder and director of Harleysville Mutual Casualty, died. He was also vice-president of Goshenhoppen Mutual of Pennsburg.

FRANCIS X. MARA, 58, of U. S. Aviation Underwriters, died of a heart attack. He was a pioneer in the aviation industry, having been associated early in his career with Stinson Aircraft Corp.

JOHN M. McFALL, 72, retired vice-president and chief counsel of U.S.F.&G., died in the hospital at Baltimore. He had been a member of the law faculty of the University of South Carolina since retiring in 1950. He represented Surety Assn. of America on the all industry committee in 1944 and was chairman of a subcommittee on the Robinson-Patman act. He also served as chairman of the casualty and surety section of the committee appointed by the governor of Maryland to study the state's insurance regulations following the Southeastern Underwriters Assn. decision.

E. J. HANNA, local agent for 25 years at Reed City, Mich., died of a heart attack.

B. C. Marine Men Elect

Alan Hoelting, Home of New York, has been elected president of Assn. of Marine Underwriters of British Columbia. He succeeds C. A. deCosson, Coast Underwriters. James C. Barber, S. E. Spencer Corp., is vice-president, and O. O. Woodman continues as executive secretary and treasurer with offices at Vancouver.

In his report, Mr. deCosson commented on the growth of marine underwriting facilities in the face of a general recession, adding that insurance rate increases have been general, but the British Columbia market has been able to hold the line on insurance costs in the face of an estimated 40% increase in ship repair expenses in five years and a continuing high loss frequency on cargo.

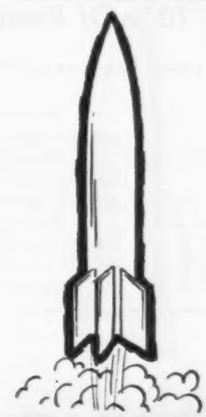
—

Garrett Joins Zurich At Atlanta

Zurich has appointed Edward L. Garrett superintendent of claims at the Atlanta branch office. He succeeds H. L. Carlson who has been transferred to New York. Mr. Garrett has been with Employers Mutuals of Wausau in Atlanta for eight years.

—

New York Compensation Rating Board has moved to new quarters at 200 East 42nd street, New York.



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(CONTINUED FROM PAGE 18)

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6. We will train our office staffs to handle more and more policy writing and endorsements of all kinds.

7. We will strive to improve our claims handling by giving complete details on accidents, by pointing out to our insured at time of loss just what coverage they do and do not have, by adjusting claims ourselves wherever possible, by refraining from handouts on nuisance claims.

8. We will expect our bookkeeping staff to make a minimum of errors in accounting.

9. We will pay our company balances promptly.

10. We will cooperate on underwriting, realizing that there will always be some difference of opinion on this matter but realizing at the same time that careful underwriting by the agent is a most important part of this whole picture.

11. We will rely less and less on the assistance of your field men, as we train ourselves and our staffs more efficiently.

12. We will continually seek to eliminate small premium policies in the casualty field as well as the fire field.

13. We will constantly seek other means of reducing production costs for your company in every phase of our agency operation.

In return, and without going into detail, we naturally expect your company to study your over-all operation at all times toward reduction of your own internal overhead. We can think of such items as renewal certificates, continuous policies, standard claim forms, standard endorsements and policies, fewer company promotional pamphlets to be replaced by bureau or association pamphlets, industry public relations on liability claims, etc.

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Simpson Secretary Of Royal-Globe Group

Royal-Globe has appointed William C. Simpson a secretary of all companies. He will have immediate supervision of New York metropolitan operations under M. J. Rhew, assistant U. S. manager and vice-president.

Mr. Simpson joined L.&L.&G. in Glasgow, Scotland, in 1937. After British army service he transferred to the New York office of Royal-Globe in 1947. He served in many of the departments before being appointed assistant manager of the metropolitan department in charge of fire and casualty production in 1950. In 1957 he was appointed assistant secretary of that department.

Vinyard Heads Boise Office

Argonaut of San Francisco has appointed M. D. Vinyard manager at Boise, Ida., handling Idaho, Montana and Utah. Mr. Vinyard has been with the company since 1952, most recently as Sacramento manager.

E. L. Colbert, A&S production manager at the home office and special agent at San Francisco, has been promoted to district manager at Sacramento.

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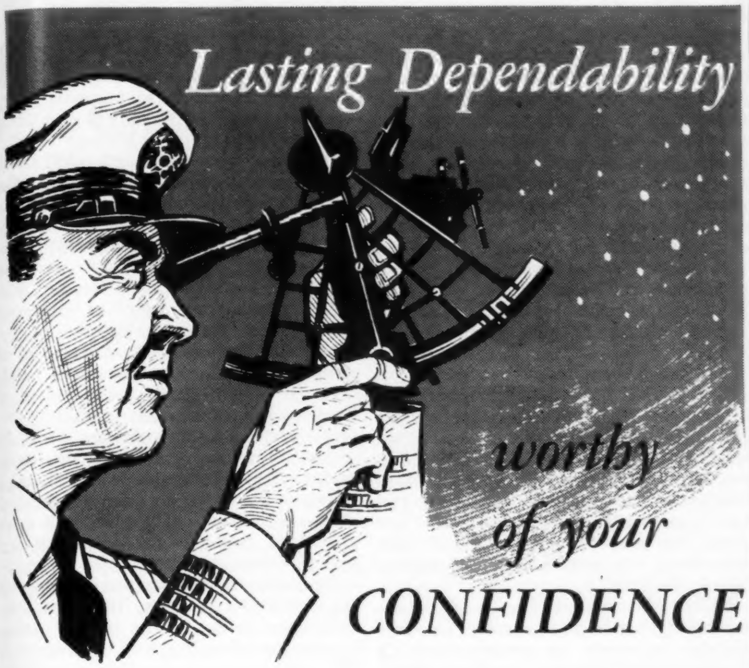

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Says Experience Rating Answer To Auto Ills

An individual experience rating plan was advocated by Rees E. Roston of the Los Angeles brokerage firm bearing his name, as the solution to the question posed in his talk, "Can the American Agency Companies Survive in the Auto Business?"

Speaking at the June meeting in Los Angeles of the Pacific CPCU chapter, Mr. Roston suggested that risks be classified as: 1. Select (those with no losses or traffic violations and getting a substantial credit); 2. Preferred or average (with one or two losses, but no traffic violations, and thus allowed a small credit); 3. Poor (because of accident record, and rated 60% over the select or possibly twice the preferred); 4. Poor (because of traffic violations and rated twice the select), and, 5. Sub-standard (rated 300 to 400% over select).

Noting that such a method of rating would contribute to traffic safety inasmuch as careful driving would result in lower premiums, Mr. Roston said the necessary underwriting information could be secured by the agent. One advantage of the system would be the transfer of a bad risk to another classification instead of cancelling it, he said.

Companies Would Show Profit

Stating that this plan would enable the companies to show a profit on automobile business, Mr. Roston said he felt it would be possible to superimpose the individual experience rating plan on the present class system.

An incentive rating plan for automobile insurance was proposed and discussed by a panel composed of Edwin S. Adler, of Eliel & Loeb Co.; Robert B. Holton, Farmers group; James W. Gillingham, of Miller, Kuhrts & Cox; and John F. Pitman, Earl W. McGary Co. The members of the panel felt community action could help reduce accidents, and companies should aid in combating the driving public's apathy. The panel also suggested that companies should revise the rating territories of each corporate entry, as is done by fire underwriters who rate cities according to fire fighting facilities.

The panel offered as evidence the city of Riverside (Cal.), which adopted a strict safety program resulting in a 45% reduction of accidents. If such a program were generally adopted, the members stated, both cities and agency companies would benefit, and the threat of compulsory insurance would be lessened.

—

N. H. Still Interested In Auto Cover On License

Commissioner Donald Knowlton and Deputy Simon Sheldon of New Hampshire have recommended that automobile liability insurance be placed on the motorist's license instead of his car. They said their plan would be more just than the present system since it would give greater recognition to the careful driver. However, they acknowledged that the plan is not practical unless it is adopted by every state.

Mr. Sheldon estimates that less than 16% of the drivers are to blame for accidents. He believes the only way to make this 16% pay the added cost is to place insurance on their licenses. Mr. Knowlton and Mr. Sheldon agree that their plan is not likely to be accepted immediately.

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Field Changes

Cameron Is President Of Michigan Field Men

Michigan Capital Stock Insurance Assn. at its annual meeting at Harbor Springs elected as officers for 1958-59 Donald A. Cameron, state agent North

Raymond Douglass, Agricultural, receives the Sam Coldwell memorial award from Joseph R. Jones, Ohio Inspection Bureau. The award is presented for outstanding service in behalf of stock fire insurance.

British, Grand Rapids, president; Harry R. Alm, manager Springfield F.&M., Detroit, vice-president; James C. McKinley, special agent Aetna, Lansing, secretary-treasurer.

Dale E. Willman, London & Lancashire, will be the public relations director.

Michigan State Fire Prevention Assn., also meeting at Harbor Springs, elected David H. C. Morris of Great American as president, Jack E. Macy of Buckeye Union as vice-president,

James J. Work, Ohio Farmers, president of Ohio Farm Protection Assn. and PMLG of Ohio Blue Goose, presents an outstanding service award to Helen Earl, executive secretary of the fire prevention and of Ohio Capital Stock Insurance Assns. The award, in the form of a firemark, is to be known as the Paul F. Brown plaque. Miss Earl is the first recipient.

and W. E. McDermott of Employers Liability as secretary. H. L. Moran is assistant-secretary and treasurer.

E. J. Sestak, assistant manager and chief engineer of Factory Association, spoke at the field meeting, and at the public relations session that followed the speaker was Robert Doen, educational director of United Automobile Workers.

The Michigan Pond of Blue Goose, meeting at Harbor Springs also, elected F. G. Westerman, Boston, most loyal gander; Roy P. Jensen, Fireman's Fund, supervisor; Robert F. Irvine, Western Adjustment, custodian; Richard F. Harrold, Finnell & Finnell general agency, guardian; Kenneth G. Davison, North British, keeper, and Frank H. Deverman, Yorkshire, wielder.

Officers of the Detroit metropolitan puddle are: Big toad, Samuel Mathews, G-M Adjusting Co.; pollywog, David E. Beardsley, Reliance; croaker, S. N. Felthouse, Nelson & Killian Adjustment Co.; bouncer, Eugene Grass, Sun, and keeper, P. J. Roger, P. J. Roger Co. adjusters.

Blue Goose, Others Convene In Kentucky

Kenucky pond of Blue Goose, convening at Gilbertsville, Ky., in conjunction with meetings of various state stock fire associations, elected A. H. Voelcker, Kentucky Inspection Bureau, Most Loyal Gander. He was formerly supervisor.

A. D. Hill, Lousiville manager, Underwriters Adjustment Co., was elected supervisor; B. B. Bolton, Charles C. Terry general agency, custodian; Edward Jackson, Yorkshire, guardian, and Wendell E. Harris, Springfield, keeper. Richard W. Doerfler, Aetna Fire, continues as wielder. The pond took in ten new members, and voted to join the southern conference of Blue Goose ponds.

The Bluegrass puddle, Lexington associate group, named Frank Quinn, an independent adjuster, big toad; Paul Langford, Western Inspection, polliwog; Leroy Morgan, Aetna, croaker, and Wendell Harris, bouncer.

The Kentucky Fire Prevention Assn. elected William Wilmore, New Hampshire, president; Robert Gocke, Phoenix of London, vice-president, and George Jacobs, Aetna Fire, secretary.

The Kentucky Fire Underwriters Assn. voted to change its name to Kentucky Capital Stock Insurance Assn. Claude Purdom, Royal-Globe group, was elected president; John S. Lemmon, Blue Ridge, vice-president, and Robert Gocke, secretary.

Wolverine Makes Changes In Field Personnel

Wolverine of Battle Creek, Mich., has made the following changes in field personnel: John Steinbeck, formerly with Boston Ins. Co., at Boston, to northwest Indiana territory at Warsaw, Ind.; James Hargrave, formerly in Wolverine's underwriting department, to northeast Indiana territory at Fort Wayne, Ind.; and Merton Vincent, formerly in northeast Indiana territory, to western Michigan territory at Grand Rapids, Mich.

MacIntyre Joins Peerless At New Ind., Ohio Office

Peerless has moved its Indiana-Ohio service office to 5516 College avenue, Indianapolis. The office is managed by George Mullins, home office representative. He will be assisted in production by Peter MacIntyre who has joined the company after several years with Fireman's Fund as a fire and inland marine underwriter and special agent in Indiana.

Ohio Field Men Meet In Pa.

William A. Gibson Jr., North British, was elected president of Ohio Capital Stock Insurance Assn. at the annual meeting in Uniontown, Pa. Other officers are: William L. Venable, U.S.F. &G., vice-president and chairman of public relations committee; Raymond Douglass, Agricultural, secretary and treasurer. Helen Earl was renamed executive secretary. Mr. Gibson succeeds Robert D. Hill, Home.

New members of the executive committee are J. C. Custis, Ohio Farmers; F. A. Dickerson, Home, and Bruce Patterson, Royal-Globe group. K. J. Krug Jr., St. Paul F. & M., is chairman of the executive committee.

Speakers included superintendent of insurance Arthur Vorys; John W. Hemphill, president Ohio Assn. of Insurance Agents; Douglas Avery, executive secretary of the agents' association; Wayne Jenkins, chief of the fire prevention department of the state fire marshal's office, and Ray Kilbourne, National Board representative in Ohio.

The fire prevention association, meeting concurrently, elected Thomas Hutch, American, as president; J. C. Custis, Ohio Farmers, vice-president; Howard Dobbs, Crum & Forster, secretary-treasurer, and Helen Earl, executive secretary. James Sever, Atlas, is chairman of the executive committee. An honorary citation was given Mr. Douglass for outstanding work in public relations and fire safety in behalf of stock fire insurance, and Helen Earl received the first of the Paul Brown plaques for outstanding service in fire safety endeavors.

Oregon Blue Goose Names Ratcliff MLG

Oregon pond of Blue Goose has chosen as new MLG Gerald C. Ratcliff, Ins. Co. of Oregon. Other officers elected are: Richard J. Chamberlain, Jones & Chamberlain adjusters, supervisor; Phil G. Spexarth, Hansen & Rowland Inc., custodian; Robert A. Stahl, Northern of New York, guardian; Jerome B. Buckley, Home, keeper, and Raymond J. Fritzler, Oregon Rating Bureau, wielder.

Standard Accident Names Plympton In Cleveland

Jack Plympton has been named bonding field representative in Standard Accident's Cleveland office. He began in insurance in 1953 as bond special agent with Fidelity Casualty at New York. In 1955 he joined U.S.F.&G. as a bond underwriter, and in 1957 was with Donaldson-Fuller Inc., as solicitor. Last February he joined Standard Accident as a bond field representative trainee.

Continental Casualty Names Hart Manager At St. Louis

Jack M. Hart has been named acting manager of Continental Casualty's St. Louis office. He had been formerly a special representative at Chicago, and has had field experience in the Wisconsin service office.

Manning Named At Albany

Roger C. Manning Jr. has been appointed special agent of Phoenix of Hartford group at Albany, N. Y. He joined the company in 1956 as an engineer at Albany.

Harry G. Greenleaf has been appointed staff engineer succeeding Mr. Manning.

Commissions No Weakness, NAIA Primer Declares

(CONTINUED FROM PAGE 1)

same basis. Even while a fixed percentage is maintained, the company has perfect freedom to price its product with sure advance knowledge of its costs for the agent's labors.

Commissions are not an addition to the price of insurance, Mr. Battles declares, but are merely a means by which some of the cost of the indispensable functions of insurance are paid. Policyholders do not pay the agent's commission any more than automobile buyers pay the employes of a steel company, he observes.

Mr. Battles asserts that the cost of automobile insurance has risen solely because of inflation, since accident frequency has been cut in half in recent years, and that nothing could be more natural or just than the automatic adjustment to inflation through fixed percentages of agency commissions. Agents are subject to the same effects of inflation as companies and policyholders, he notes.

He contends that expense ratios in the insurance business compare very favorably with those of any other business or service, and that even if the agents were considered nothing but a salesmen—which is not the case—and his commission regarded as a markup—which it is not—the percentage of markup would amount to only one-half or two-thirds of those found in comparable business fields.

Mr. Battles points out that the agent does not make an exorbitant profit. He averages 2% of gross sales before taxes and is therefore in the lowest economic bracket.

Druggists Not Agents In Vacation Insurance Plan

A vacation insurance program offered in drug stores by Mutual Benefit H.&A. in connection with Bauer & Black sales displays involves policy countersigning by a licensed agent in the state of the insured's residence and in no way do druggists serve as salesmen.

THE NATIONAL UNDERWRITER is making this clarification as a result of inquiries received from an insurance department after an article on the vacation program appeared in the June 27 issue.

The applications in drug stores may be filled out there but more commonly would be filled out at home or place of business of the prospect, and mailed to the company, with the entire commission going to the agent.

Sues Horn Of Ala.

The name of James H. Horn, Alabama superintendent, has been brought into the tangled affairs of Alabama General, declared bankrupt in September, 1957.

W. S. Fowler, a road contractor, has filed suit in U. S. district court at Birmingham, against American Guarantee for $25,000, the amount of bond carried by American Guarantee on Mr. Horn. The contractor claimed that Mr. Horn "conspired with Richmond Flowers, president of Alabama General, to induce members of the public to purchase insurance from the company while representing it as solvent and well managed when in truth it was insolvent and shortly thereafter filed a petition that a receiver be appointed by the court to administer its affairs."

Contractor Fowler said that as a result of "public statements made by Horn" he purchased large amounts of insurance and paid large premiums for bonds to Alabama General. These premiums, he said, were paid to Folsom & Co. and the Alabama General Ins. & Bonding Co. Inc., both of which were agents for Alabama General.

Texas Auto Rates Hiked; Liability Up 19%, Collision 17%

AUSTIN—Substantial rate increases on automobile insurance that average 19% for liability and 17% for collision on passenger cars were adopted by Texas to become effective Aug. 1.

In its order issued late last week, the board pointed out that the increases result from an increasing number of collisions, higher costs of repairs, larger medical costs and higher jury awards in damage suits.

The rate order, the department explained, involved four policy decisions growing out of recommendations made at the hearing in Austin June 20. In brief they are: Abandonment of the long-standing 25 per cent limit on increases; use of average paid loss claims in 1958 up to July 1 to increase the loss statistics for 1956 and 1957 on which the staff recommendations were based; use of the same expense formula now in effect, and adoption of a $50 deductible on comprehensive applicable to all losses except fire and total theft at 50 per cent under the regular rates.

The rate increases, in accordance with custom, vary considerably in the several sections of the state, with Harris county (Houston) paying the highest premiums. The Dallas rate increases will be 35 per cent on liability, 20.6 per cent for $50 deductible collision and 35 per cent for comprehensive.

California Producers Form Joint Committee To Study Automobile

Four major producer organizations in California have formed a committee to be known as the Joint Efficiency Study Committee, to determine ways of improving operations of the insurance business in the state.

Representatives of California Assn. of Insurance Agents, Society of Insurance Brokers of San Francisco, Society of Insurance Brokers of Southern California and Insurance Brokers Exchange of California met at San Francisco recently to discuss joint activity with the companies affiliated with Pacific Coast Advisory Assn., mostly west coast companies.

Automobile business is the major target of the committee's efforts, particularly the "present methods under which the American agency system companies and producers are conducting private passenger automobile business," according to Eugene J. Sullivan, executive secretary of Insurance Brokers Exchange. Automobile business has caused controversy and disunity in California, so much that California Assn. of Insurance Agents is proceeding against the companies for "acting in concert" in reducing commissions on auto business.

James T. Blalock, vice-president of Pacific Indemnity and president of Pacific Coast Advisory Assn., has been elected vice-chairman of the joint committee, with Phillip W. Rainey of T.nnemann, Bridgford & Rainey brokers, as chairman. Mr. Sullivan has been named secretary, with Trev A. Burrow, executive secretary of the California association, as his associate.

American Liberty To Buy Merchants

Stockholders of Merchants Fire of Denver have been offered $33.50 a share by American Liberty of Birmingham, Ala., with a deadline for the offer set at July 15. Clyde H. Gardner, president of Merchants, recommended the sale, which is subject to an audit of his company by American Liberty, whose option to buy expires Sept. 1.

Management and associated interests hold 65% of the outstanding 60,000 shares of $10 par Merchants' stock. A fund comprised of $1 per share from proceeds of the sale would be set up for employes of Merchants who would continue in their positions for one year. Mr. Gardner would remain as chairman and consultant for five years of the firm which was founded by his father, J. R. Gardner, in 1904.

Paul E. Smith former Florida special agent of Lagerquist & Co. general agency, has joined the Mohr agency of Pinellas Park, Fla.

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HOME OFFICE READING, PENNSYLVANIA

Marine Men's Service Covers Tea At Sea

American Institute of Marine Underwriters presented a silver tea and coffee service to the S. S. Santa Rosa prior to the new Grace Line vessel's departure on her maiden voyage.

Madoe M. Pease of North British, president; Carl E. McDowell, executive vice-president, Emil Kratovil of Carpinter & Baker, New York City, vice-president, and George Inselman of Marine Office of America, treasurer, made the presentation to Lewis Lapham, president of Grace Line, on board ship. The service will be kept in use on the luxury liner.

New Producer Periodical In N. Y.

Kings County (N. Y.) Insurance Brokers Assn. is publishing a new association newspaper, *Insurance Bends and Trends*, to be distributed free to Brooklyn brokers. It will analyze the vital problems facing insurance men. A membership drive was launched at the June meeting.

An Agent's An Agent? Not Necessarily So

Georgia court of appeals reversed a trial court which found for insured against her alleged insurance agent who failed to renew a fire policy covering her residence. Dora Wise brought suit against Georgia Insurance Service after her property was destroyed by fire on Nov. 9, 1956, and thereafter the agency notified her that it had not been able to renew or procure insurance for her and that she had had no coverage since Aug. 13, 1956. The case is reported in 9 CCH (Fire & Casualty) 601.

In the trial court Dora Wise contended that the agency had procured fire and extended coverage on her home in Augusta in the sum of $2,000 for the years 1953, 1954 and 1955. The last policy was placed with Netherlands and expired Aug. 13, 1956. The plaintiff contended that the agency owed her the duty to have the insurance renewed or procure it elsewhere, and, upon its failure to do so or to notify her of the situation, it became liable for the loss, since she had confidence in the agency and relied upon it to keep her property insured. She further contended that she was uneducated and uninformed, that the agency knew this was true and that had she been notified of the situation other insurance would have been arranged.

Georgia Insurance Service contended that it was the agent of the insurance company and not of Dora Wise.

Proof Not Sustained

The court of appeals noted that Dora Wise had not sustained proof that Georgia Insurance Service was her agent for procuring insurance. The court also remarked that she had introduced into evidence the policy which had expired prior to the fire and which had been signed by an officer of Georgia Insurance Service. This had the effect of indicating that the agency was an agent of the issuing company.

New Ark. Life Company To Use Fire Sales Plan

LITTLE ROCK—American Insurers Life, a new Arkansas company with assets of $1½ million, organized and designed to operate exclusively through fire and casualty agents, made its debut here at a formal luncheon at which Commissioner Combs presented the certificate to H. Noble Gill, founder and president.

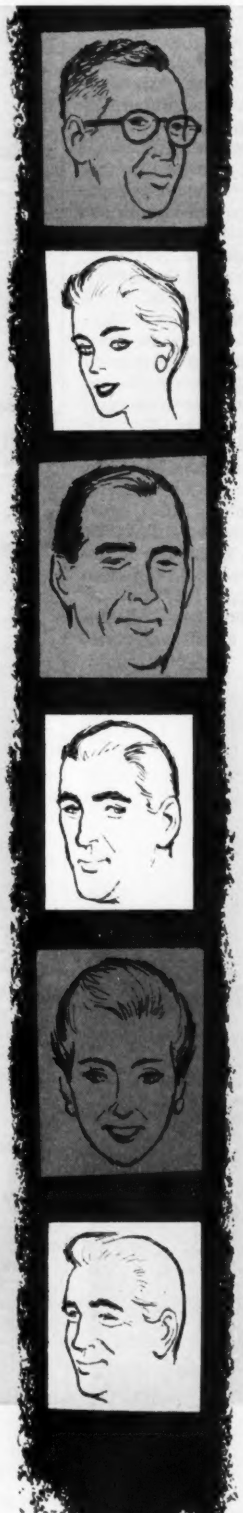
Mr. Gill said no officer or director, with the exception of the full-time agency man, will draw any salary or compensation until the company has $10 million of insurance in force. Mr. Gill, an agent at Blytheville for 25 years, said the operation through the agency system will by-pass "the customary high overhead costs of life companies in procuring and financing agents." Under the plan of American Insurers, agents will be remunerated on a continuing commission basis similar to that used by the fire and casualty companies so that the life business comes close to the ownership of expiration used in the property insurance field.

Mutual Benefit Employe Publications Win Awards

The editors of "Criss Cross Currents" and "Mutterings," employe publications of Mutual Benefit H.&A., have received high awards at the meeting of International Council of Industrial Editors in Washington, D. C. More than 900 employe publications were entered in the awards competition, and "Criss Cross Currents" was cited as the No. 1 magazine of its type in the U. S. Edited by John R. Dixon, the magazine is distributed monthly to home office employes and in certain service offices.

"Mutterings," edited by Morey Landman, received a special citation for promoting community relations between the employes and the companies and their fellow citizens. Some 10,000 issues are sent monthly to the sales force of the companies.

WHICH ONE MEANS TROUBLE?



Can you point to the face of the troublemaker? Could you tell your Storekeeper clients and prospects which man or woman to guard against?

Of course you couldn't. But — you can give advice on how they can adequately protect themselves against robbers, burglars, thieves, dishonest employees and claim-conscious customers who relieve merchants of more than a Billion Dollars a year, either through criminal acts or court judgments.

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Write our Advertising Department for advertising folders and sample sales letters that can help you develop the profitable Storekeepers' market.

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Lower Fire Rates On N.Y. Schools, Etc.

Fire rates on fire resistive schools, libraries and museums in New York outside of New York City were reduced, effective June 16, by New York Fire Insurance Rating Organization. On May 15, 1957, the minimum rate of fire resistive schools was reduced to three cents a year, simultaneously with a reduction of 25% for this class. NYFIRO has revised several items in the schedule. First a 25% reduction was applied to the basis rate for occupancy class 105, the starting point in that fire resistive schedule. The one cent charge for occupancy for the school class was eliminated.

Also, provision was made to apply the schedule to buildings with exposed vertical steel columns (floor or roof pillars without concrete or other fireproofing) in the case of those properties that otherwise qualify for fire resistive rating in the schedule. This was accomplished by providing a charge of three cents for the non-fireproofed vertical structural steel, and the charge of one-half cent was reserved for unprotected horizontal structural steel. These changes result in a material rate reduction in this class of construction. Prior to this revision such design was not properly elegible for rating on the fire resistive schedule.

The contents rates, based on the building rates, have been further reduced by lowering the contents differential charge from five to four cents.

Reinspection Continued

NYFIRO is proceeding to reinspect and re-rate all property affected by these changes.

Effective the same date NYFIRO reduced class rated motels in the five to 15 guest room category and all class rates for two story motels. In addition, all protected motels with more than 15 guest rooms now are subject to specific rating.

The rule for binder forms has been liberalized to permit modifications of the standard binder form 308 by the agent or company, to provide a requirement of 10 days written notice to mortgagees on real property in the event that the risk is declined by the company.

The period during which flat cancellation is permissive is reduced from 45 to 30 days following the policy inception date. This is to provide a more realistic control of flat cancellation situations. Most flat cancellations involve renewal policies which are often sent to insured as long as 30 days prior to inception.

A provision was added in the electric generating station schedule for developing builders' risk rates for property rated on this schedule.

In the suburban division optional coinsurance rates applicable to unprotected class rated property (except for dwellings and farms) have been provided.

Ga. Mutual Agents Elect

Georgia Assn. of Mutual Insurance Agents has elected three new directors: Herbert H. Adderholdt of Gainesville; C. H. Gibson of Vidalia, and Clarence D. Pedersen of Savannah. More than 90 members attended the annual meeting at King & Prince hotel, St. Simons. They reelected all officers and voted to increase annual dues from $15 to $25 with a second membership for an agency available at $10.

Minks Claims Head Of American Surety

Herbert T. Minks has been appointed manager of the claim department of American Surety. He joined the company in 1923. He has had extensive claim experience in the field and home office and has been assistant manager of the claim department since 1954. He was admitted to the New York bar in 1945.

Moffatt & Schwab Observes Its 60th Anniversary

Moffatt & Schwab of Staten Island is marking the 60th anniversary of the agency. The firm was launched in 1898 by Frank H. Moffatt and Anton L. Schwab.

When Mr. Moffatt died in 1911 Mr. Schwab purchased the balance of the business. In 1927 Clarence C. Stoughton became Mr. Schwab's partner. Mr. Stoughton had been president of the Wagner Preparatory School. After leaving Moffatt & Schwab in 1932, he returned to Wagner and later became president. Presently he is president of Wittenburg College in Ohio.

In 1929 the agency merged with H. C. Horton & Son, and L. Waldo Horton became a member of the firm. He is vice-president and treasurer. In 1928 Miss Rose V. Sasso joined the organization and was made secretary in 1948. In 1938 Mr. Schwab's son, Arthur L. Schwab, went to work for the firm and became secretary in 1940. Upon the death of A. L. Schwab Sr. in 1941 he became president.

Miss Sasso is a past president of Insurance Women's Club of Staten Island, and served as past treasurer of New York State Federation of Insurance Women's Clubs.

M&C Rates Increased

National Bureau of Casualty Underwriters has increased M&C rates for BI, effective July 2, 5.7% in Oregon, 5.7% in Washington, 4.7% in Wyoming, and 15% in Puerto Rico.

What's Missing FROM THIS PICTURE?

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NEW HAMPSHIRE FIRE INSURANCE COMPANY MANCHESTER

GRANITE STATE FIRE INSURANCE COMPANY

NEW HAMPSHIRE

Dirt Dug Up On Federal Agencies

(CONTINUED FROM PAGE 1)

whether the congressional intent to preserve anti-trust laws in interstate insurance business has been defeated by the enactment of ineffective state laws or ineffective enforcement.

Sen. O'Mahoney is a suave and adroit investigator, as those who watched him during the temporary national economic committee investigation of 20 years ago are aware. But while his contention that a 13-year-old law of the McCarran act's importance should be reviewed seems easy to buy, there are also strong reasons for hoping that when all the fireworks have exploded there be little about the law that a majority of both houses of Congress will consider worth changing.

For one thing, if the O'Mahoney investigators have any idea of prying loose some of the states' regulatory powers and turning them over to the federal government, they could have hardly picked a worse time to promote such a change. The congressional investigation of federal administrative agencies has turned up enough dirt to give pause to even the most ardent advocates of taking away powers from state governments and making big-government at Washington even bigger and more powerful.

State insurance regulation may not always be as perfect as its critics would like, but it has been remarkably free from troubles of the vicuna variety. The system of supervision by numerous state insurance departments may at times seem cumbersome and overlapping, but it's just possible that members of Congress will see advantages in having a large squad of policemen on the job instead of relying entirely on a single super-cop.

It's conceivable also that many of the lawmakers don't look kindly on building up the administrative branch of the government any more than is absolutely necessary. The tremendous build-up that has taken place over the years has added to Congress' problems. It is easy for an administrative agency to get too big for its britches—and easier still for a Congressman to think it has.

Besides all this there is the fact that in the face of mobilization problems comparable with the Normandy invasion, the National Assn. of Insurance Commissioners and the states themselves have done a tremendous job in closing the gaps in state supervision of insurance. Sen. O'Mahoney and his fellow-inquisitors will doubtless turn up many imperfections. But the Senator has been worrying about philosophical problems in the insurance business for many years. In anticipating troubles that as a practical matter don't seem to materialize in an important way, he has seemed unable to excite similar concern among many of his colleagues. And there seems to be even less political sex appeal in the present investigation than in the old temporary national economic committee inquiry.

Whatever revelations come out of the O'Mahoney investigation, it seems inconceivable that any great number of the members of Congress will be persuaded that the cure is to load the job on a new administrative agency of the federal government or split it up among several existing agencies.

Blue Cross D. C. Rate Rise Provokes Furor

The equity of the 42% Blue Cross rate increase in the District of Columbia has been questioned by Sen. Beall of Maryland, who stated that the rise indicates that the plan will no longer operate on a non-profit basis or that it has not only operated on that basis in the past but at a substantial loss. The AFL-CIO has also protested the increase. Senator Beall has asked D.C. commissioner McLaughlin to consider feasible corrective action.

Blue Cross is not subject to D. C. insurance laws. D. C. Life Underwriters Assn. has declared that it is not in the public interest to have rate making and other policies of such a large insurer outside the scope of regulatory authority. Superintendent Jordan contended that Blue Cross is not an insurer but a civic enterprise. Handling of its affairs is a legislative question for Congress to decide, he stated. He added that A&S rates of private insurers are not regulated in most states.

International Assn. Of Insurance Counsel In Annual Parley

International Assn. of Insurance Counsel is conducting its annual meeting this week at White Sulphur Springs, W. Va. The membership is largely attorneys in private practice who serve as insurance company defense counsel.

Among the speakers are Harry A. Gair of New York, who will speak in behalf of contingency fees, and P. E. Eager Jr. of Jackson, Miss., who opposes them. Others on the program are Gov. Underwood of West Virginia; Clarence E. Manion, former dean of the law school at Notre Dame University; James S. Baker of Northwestern University traffic institute, and Samuel P. Sears of Boston whose topic is "The Defense of the Defense."

Forrest A. Betts of Los Angeles is president of the association and will be succeeded by President-elect G. A. Blanchet of New York.

Casualty Adjusters Assn. of Southern California has elected G. W. Moore, independent adjuster, president; Cliff Honza, independent adjuster, vice-president, and R. C. Varner, Hartford Accident, secretary-treasurer.

Business Seeks Good Merit Rating Plan

(CONTINUED FROM PAGE 1)

neighborhood of 10 to 15%. To do this necessitates increasing the base rates almost to the full amount of the credit to be given. In any one year 85 to 90% of insured would not have accidents and, therefore, would qualify for the merit rating credit which is based on a one-year experience.

"The money to pay for this must come from the base rates. This, plus the fact that the cost of administering the plan is comparatively high, makes it necessary for companies to increase the base rate by a factor almost equal to that of the merit credit."

Mr. Williams pointed out that most of the merit plans involved a complicated interchange of experience between companies to check on the accident records of drivers who switch from company to company when their policies expire, and the cost of such an interchange becomes prohibitive.

Another difficulty that the companies have encountered in attempting to devise a workable merit plan is pointed up in the release by H. J. Graham, assistant secretary of Hartford Accident. "Any rate structures based on discrimination between the policyholder who produces a loss and his fellow who does not is fundamentally at odds with the first principle of insurance," he says.

"After all, insurance is a means by which the losses of relatively few people are made bearable by spreading their burden over a great number. A dilution of this basic approach whereby the motorist who has a loss would be penalized with a heavier insurance rate in order to make possible reductions in rates as a reward for loss-free drivers, will have considerable superficial appeal to people in the latter group—until they find themselves with a loss. Many of them ultimately will, and not necessarily through any great fault of their own."

Mr. Graham explained that there is a popular misconception about the character of the driver who suffers an accident loss.

"The fact is that out of the great mass of liability claims paid, only a portion result from flagrant driving misdemeanors. A greater share of them are incurred by people of average good driving habits who simply get involved in driving situations which we all encounter frequently but which in a certain percentage of cases result in accidents from which one party or the other emerges with the principal legal responsibility."

Mr. Williams observed that the average person statistically has a BI accident once in every 12 to 14 years and a PDL accident once in every nine to 10 years.

The essential difficulty in the problem lies in classifying the individual driver, Mr. Ahearn stated in explaining that Connecticut and all other states have merit plans for certain classifications of car owners and the great majority benefit by these.

Hartford Drivers Worst Risks

He pointed out that the records of drivers in any given community are reflected in the rates for that neighborhood. For instance, Hartford car owners had established themselves as the worst risks in the state. Over a three-year period, 1954, 1955 and 1956, out of every hundred cars insured, 5.1 were subject to BI claims. These were settled at an average of $1,140. The rate of frequency of claims and the rate of settlement were the highest in the state. Frequency was particularly bad since claims rose from 4.5 in 1954 to six in 1956, compared with a rate of 4.3 cars out of every hundred in New Haven, which were subject to claims settled at an average of $918, and with the Hartford suburban area—where only 3.4 of every hundred cars were subject to claims which were settled at an average cost of $1,076.

Norwalk and Westport, on the other hand, had a claim frequency of 2.4 cars per hundred, and the claims were settled for $985. Mr. Ahearn pointed out that in effect, this is a merit plan, and it is now working to the advantage of those classifications of drivers who have earned lower rates.

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Rates—$20 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.
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Industry Prefers Administrative Approach

(CONTINUED FROM PAGE 4)

tion of bureaus and the possibility of limiting the rights of independents. Otherwise, he had no objection.

Strong opposition to a change in the current deviation rule in casualty, which requires uniformity as a percentage of premium, was expressed by Elmer Twaits of National Bureau of Casualty Underwriters and C. H. Graves of Mutual Insurance Rating Bureau. Mr. Twaits said the present rule can be administered, but this would be impossible if it were broadened to cover classes and parts of coverage. Philip T. Morehouse of Surety Assn. of America objected to introduction of deviation in bonds.

Mr. Berry asked if the effect of the proposed liberalization of the deviation section would be to permit more deviations than at present? Mr. Collins said yes. Mr. Berry replied that if the department is facing an administrative problem presently, with multiple line filings, the change would multiply such problems. Mr. Collins said the objective was to apply fire rules to deviations in casualty. Also, he thinks a deviation ought to be good until cancelled and not have to be refiled every year.

Mr. Pugh observed that one practical answer to concern over partial subscribership would be to liberalize the deviation section. He said he thought the use of the terms, "reasonable basis for application of such deviation," extends the department's authority and he couldn't see the desirability of this.

John C. Weghorn, New York City agent, suggested that giving the department discretionary authority to judge what is a reasonable rating basis seems to make a completely free market. If the department is left to determine what is good for the business, it is going to become entirely confused, he added.

Mr. Berry noted that the department proposes to add "parts" to classes or risks, etc., on which an insurer may deviate. This considerably broadens permissible deviation.

Mr. Malmuth asked why the industry objected to changing the law. Mr. Berry replied that it is simpler to get a regulation changed than a law, and in working with the department on a change in regulation, the business is working with men who understand the business.

Why isn't an annual review of deviations a good thing, Mr. Wayne asked, since the base from which the insurer deviates changes? Mr. Schantz said it is a question of department manpower. But, Mr. Weghorn interjected, with liberalized deviation there wouldn't be enough manpower in the country to handle it.

Is the annual refiling of deviations a real problem? Mr. Berry asked. Mr. Collins said the insurer has to wait till the fire rate organization passes its right to a hearing. But does the deviator object often? Mr. Berry asked. No, replied Mr. Collins. Mr. Berry suggested that with a broader deviation law there would be more challenging of deviations.

There was more objection to use of parts of classes, and Mr. Morehouse suggested that the proposal would enable the department to make rates. Mr. Collins said there was no such design. John Walsh of the law firm of Watters & Donovan, representing National Bureau, suggested this proposal covers a matter under dispute, the adjustment of workmen's compensation rates ordered by Superintendent Julius S. Wikler with elimination of State Fund rates from the rating calculations of private insurers. Mr. Harwayne said the department did not have that case in mind. The change would greatly expand the department's powers, Mr. Walsh observed.

Milton W. Mays of America Fore, C. F. J. Harrington of National Assn. of Casualty & Surety Agents, Robert N. Gilmore Jr. of Assn. of Casualty & Surety Companies, John S. Hamilton Jr. of American Mutual Insurance Alliance, John F. FitzGerald of Surety Assn., and K. O. Smith of NYFIRO were among the industry representatives who also participated in the hearing.

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(CONTINUED FROM PAGE 2)

ments that his group insures more than 20% of them.

He suggested that if agents spent only 30 minutes more each day selling, they would solve their sales problems. If every salesman in the country did this, the recession would be over.

Citing the heavy underwriting losses of the automobile insurers, he urged the view that agents and companies must do a far better job of selling the need for higher rates in an inflationary economy than has been done. The public must be convinced, he said, that as surely as automobile designers develop wrap-around windshields, upswept fenders, and increase the amount of chrome on their cars, the cost of property damage and collision insurance will inevitably increase. As certainly as juries return higher verdicts, automobile BI rates must increase. The business has to convince the public that unreasonably large verdicts reach into the pocketbooks of every man, woman and child, whether they buy automobile insurance or not, because they are included in the cost of everything that they buy.

However, he said, the need for higher rates is only one phase of the automobile problem today. Bureau stock companies unquestionably have recognized that in asking for higher rates they may only make themselves less competitive with low cost companies. There is considerable evidence, he said, that if the same percentage difference in price is maintained between the bureau companies and the specialty insurers as rates go up, the bulk of the good automobile business inevitably will go to low cost companies with the bureau insurers writing only accomodation lines and higher loss ratio business.

Consequently, the bureau companies have been studying ways they can reduce their costs to become more competitive. Obviously, he said, one way would be to cut their loss ratio by tightening up on underwriting. Nearly all companies have underwritten conservatively in the past two years. The specialty companies are certainly underwriting their business just as carefully as they know how, and they have one very important advantage over any agency company—they can demand detailed information and underwrite with no concern for their producer, something which the agency companies cannot do.

One Other Way

The only other way to reduce cost lies in reducing expenses, Mr. Flanagin said. Today most companies are tightening their belts and cutting out any item of expense they feel they can reasonably eliminate. He says his own group has taken a number of steps to reduce costs, and he is confident its expense ratio will drop in 1958.

Several opportunities exist to reduce costs in North Carolina, he observed. If the motor vehicle department of the state adopted a continuous certificate as urged by the industry committee, the cost to companies and producers of administering the compulsory auto law would be reduced considerably. The filing of a new certificate each year not only generates increased expense but is less efficient procedurally than the continuous certificate, which has worked well in New York. Expense in North Carolina also could be reduced if the department would permit use of the countrywide revision of the family automobile policy which includes uninsured automobile coverage. He said he was not an advocate of this coverage, but he sees no harm in offering it to North Carolina motorists, even though the need is reduced greatly by the compulsory law. Even if the companies are not permitted to sell the coverage in North Carolina, they would like to avoid the expense of printing special policy forms just for that state.

Acquisition Biggest Expense Item

However, he said, the biggest item in the expense part of the insurance dollar is acquisition allowance. This, he emphasized, covers all company sales cost as well as commissions—including special agent salaries and expenses, branch office production cost, advertising, etc. This allowance has been reduced in New York and California on liability from 25 to 20% and is being reduced similarly by National Automobile Underwriters Assn.

But, he reemphasized, the question for agents is whether they are doing as good a selling job as specialty companies. The latter saturate a territory with manpower. Their salesmen are free from office work so they can and do make prospect calls day in and day out. The men are carefully trained to present the prospects an enthusiastic and convincing solicitation. They sell their companies.

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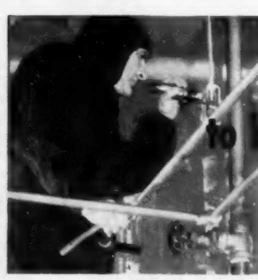

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Buyers To Explore Many Problems In Seminars This Fall

American Management Assn. has published plans for its insurance seminars through next November.

At Chicago Sept. 15-17 insurance buyers will analyze the hazards and insurance requirements of atomic energy development programs. The discussion will include amounts and types of coverage needed, adequacy of available policies, and health and safety programs.

In New York Oct. 27-29 the use of radioactive isotopes in industry, and the insurance problems connected therewith, will be treated. This seminar will emphasize the coverages available, delayed workmen compensation claims, responsibility of successor employers for WC, and settlement of third party liability claims.

In New York Oct. 27-31 the seminar will deal with the basic elements of insurance buying, including kinds of companies, the relationship of insured to brokers, agents, and insurers, review of coverages and organizing the buyer's insurance records and procedures.

Executives To Discuss Problems

In New York Oct. 1-3 executives who have responsibility for developing, managing, or operating the company's insurance program will develop the requirements of a sound insurance organization and those of an appraisal of existing operations.

Self insurance, risk assumption and use of excess coverage will be discussed in Chicago Sept. 15-17. This will emphasize the determination of the exposures which different size corporations can assume or self insure, partially or entirely. It will also analyze the services available to self insurers.

The seminar Nov. 24-25 in New York will deal with employe benefits, pensions, estate planning, etc. Life, annuity, and A&S contracts will be analyzed. Among the items on the agenda are split dollar plans, earnings interruption protection, salary continuance plans, and executive group insurance. Modernizing the pension will be the subject of a seminar in New York Oct. 20-22 and there will be another seminar on employe benefits, incentive plans and pensions in New York Oct. 1-3.

One seminar for fire and casualty home office district managers, general agents and other executives with responsibility for policy formulation in the hiring and training and development program will be held Nov. 12-14 in New York. This will emphasize employment program objectives, recruiting, orientation, training and the measurement of training effectiveness in the insurance field.

Study Big Jury Verdicts

Oct. 20-21 in New York buyers will deal with the control of liability costs. They will take up the big jury verdicts and attempts will be made to show management how much it can and should do to minimize risks and accident costs. This one is for insurance managers, corporate counsel, directors of health and loss prevention programs and executives who have specific responsibility in this increasingly costly area. Such items as spinal cord and alleged paralysis, back and head injuries, and whiplash injuries will be taken up. The principal sources of claims will be analyzed—manufacturers' products, construction and automobile, etc., along with treatment and rehabilitation. One subject on the agenda is the exclusiveness of workmen's compensation remedies and "liability-over." In the field of property damage costs, with its increasing claims, radiation hazards will be treated, along with real estate and property losses. In the area of coverage, conflict policies will be analyzed. The use of medical, insurance and safety devices for cost control will be discussed. The relationship of claims reserve to actual cost will be looked into.

At New York Oct. 27-29 insurance rates and rating methods will be the subject of a seminar. Buyers will deal with experience vs engineering as a basis for the fire rate, the Dean schedule, the role of judgement in rate making, estimating the proper value of deductibles, inland marine rating factors, the meaning of recent changes in bureau organizations, the importance of California experiments, the experience rating of liability risks, development of retrospective plans, cost factors in risk assumption and the use of excess layers of coverage such as the umbrella.

To Survive, Agent's Paper Work Must Go

(CONTINUED FROM PAGE 2)

possible for most agents to become as free of it as they should like to be.

This question of office detail is one that has been growing and changing the customs and habits of most local agents. Some 40 or 50 years ago, a local agent with a good volume of business was able to get on very well with one girl as his assistant. Today the same volume of business requires two or three girls because the business itself has changed and become more complex and complicated. The writing of any property insurance policy requires more "monkeying around" by far than it did even 10 years ago. This accounts for today's problem in most local agencies.

There has to be some solution of this growing problem and many believe that at least a partial one would be the moving out of the local agents office and into the companies' offices, a fairly sizeable amount of the most time consuming detail procedures. To the degree that this idea has been tried, it has been found to work. There is the fear, of course, that if the company takes over too high a percentage of office procedure, the company will be in the dominating position rather than the local agent, who will be perhaps too subordinated for comfort.

But it has to be conceded that any home office or company department with modern electronic devices can write policies, send out premium notices and attend to all the details of whatever nature on a mass production basis that is speedier, less subject to errors and very much less costly, than when these operations are carried on in the office of the local agent.

Any proposed shifting of policy writing, bookkeeping, and the mailing of expiration notices gets right down to a question of good faith. It would be hard for most local agents to believe that the companies which they have represented for years would, because of any change in the location of the detail work involving their offices, steal their expirations and try to push them out of the picture so far as controlling the situation with their insured is concerned. It could scarcely be felt that the representative fire and casualty companies would engage in any sort of plot to control agency expirations or deal directly with insured over the local agent's head and in this way reduce the agent's importance to a minimum and destroy the agency system or even weaken it.

Most local agents are badly in need of relief from detail work. Some of their companies can and are willing to provide relief. If this is done, it need not impair the company-agency relationship, which would very well go on just as before.

But it would have the effect of the agent assuming the role of salesman first and office manager second, rather than the other way around.

The possibility of effecting such a change should be more seriously considered and studied. It should be contemplated without fear on the part of the local agent. It might even involve the company billing insured directly. This has been done by the big life insurance companies for a number of years. That is, life companies formerly sent out their premium notices for their general agent's or manager's offices. Now they are mailed from the home office, wherever they are located. This has not made the general agent, the manager, or the agent of any less importance. The mere fact that the policyholder mails the premium to the home office has not made the agent any less a factor.

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